



Infrastructure  
Canada

# Infrastructure Canada

## Departmental Performance Report (DPR)

2010–11

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**The Honourable Denis Lebel, P.C., M.P.**

Minister of Transport, Infrastructure and Communities, and Minister of the  
Economic Development Agency of Canada for the Regions of Quebec

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Canada

This publication is available upon request in accessible formats.

**Contact:**

Communications Directorate  
Infrastructure Canada  
180 Kent Street, Suite 1100  
Ottawa, Ontario K1P 0B6

National information line on infrastructure: 613-948-1148  
Telephone toll free: 1-877-250-7154  
Email: [info@inf.gc.ca](mailto:info@inf.gc.ca)

This publication is available online at  
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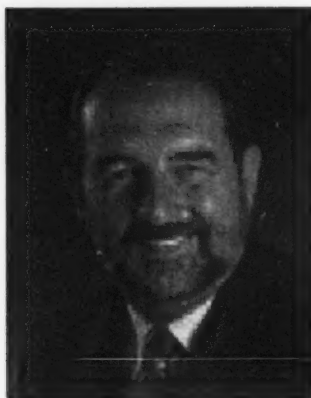
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# Minister's Message



As Canada's Minister of Transport, Infrastructure and Communities, I am pleased to present Infrastructure Canada's Departmental Performance Report for 2010-11. Among many other achievements, it outlines how the department played a key role in helping the Government of Canada meet its commitments in the second year of Canada's Economic Action Plan (EAP). Canadians in every corner of the country enjoy a stronger economy, an improved quality of life, and a cleaner environment as a result of Infrastructure Canada's many programs.

Infrastructure Canada has been the centre of remarkable activity since the Economic Action Plan was first announced in 2009, committing more than \$10.6 billion to approximately 6,400 projects. The EAP has helped to create and maintain jobs in communities across Canada.

In 2010-11, Infrastructure Canada delivered over \$6.25 billion to projects across the country. To put this in perspective, that figure represents nearly three times the funding that the department delivered in 2008-09.

At the same time, Infrastructure Canada demonstrated that it is an effective and respectful steward of taxpayers' money, as recognized through the APEX 2010 Award received for the management of the Infrastructure Stimulus Fund.

In the last fiscal year, in order to provide additional flexibility to our funding partners, Prime Minister Harper announced a one-time extension of the completion deadline of EAP funds managed by the department: the Infrastructure Stimulus Fund and the Building Canada Fund Communities Component Top-Up. Infrastructure Canada negotiated agreement extensions for those projects which needed extra time, from March 31, 2011 to October 31, 2011. Today, as these EAP programs wind down, the department continues to work closely with its partners to process claims efficiently and ensure the timely completion of each project.

Looking to the future, the department will continue to deliver long-term funding under the Building Canada Plan. It will also support efforts to work with our partners to develop a long-term plan for public infrastructure that extends beyond the expiry of the Building Canada Plan. Finally, Infrastructure Canada will work with Finance Canada to enact the Gas Tax Fund in legislation. This Government of Canada is committed to provide \$2 billion annually on a permanent basis, towards the infrastructure needs of Canada's municipalities.

**The Honourable Denis Lebel, P.C., M.P.**

Minister of Transport, Infrastructure and Communities  
and Minister of the Economic Development Agency of Canada for the Regions of Quebec



# Section I

## Departmental Overview

### 1.1 Raison d'être

Modern, world-class public infrastructure is a key factor in achieving the Government of Canada's priorities of a stronger economy, a cleaner environment, and more prosperous, safer communities. Infrastructure Canada leads the Government of Canada's efforts in addressing Canada's public infrastructure challenges.

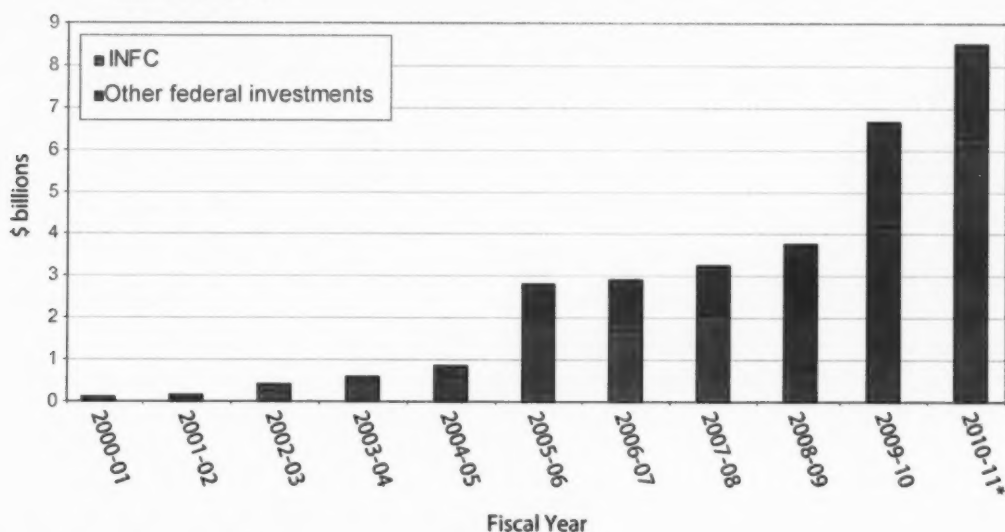
### 1.2 Responsibilities

#### *I. Overview*

Infrastructure Canada is responsible for federal efforts to enhance Canada's public infrastructure through investments in provincial, territorial and municipal assets, engagement in key partnerships, and the development and implementation of sound policies. The department exists to help ensure that Canadians benefit from world-class public infrastructure from coast to coast to coast.

As shown in Figure 1, federal support for provincial, territorial and municipal core public infrastructure has increased in recent years. Infrastructure Canada is the key contributor of federal support.

Figure 1: Federal Infrastructure Support for Provincial, Territorial and Municipal Infrastructure



Source: Finance Canada & Infrastructure Canada, June 2011

\* Data for 2010-11 infrastructure investments by other federal departments is based on projections from Finance Canada.

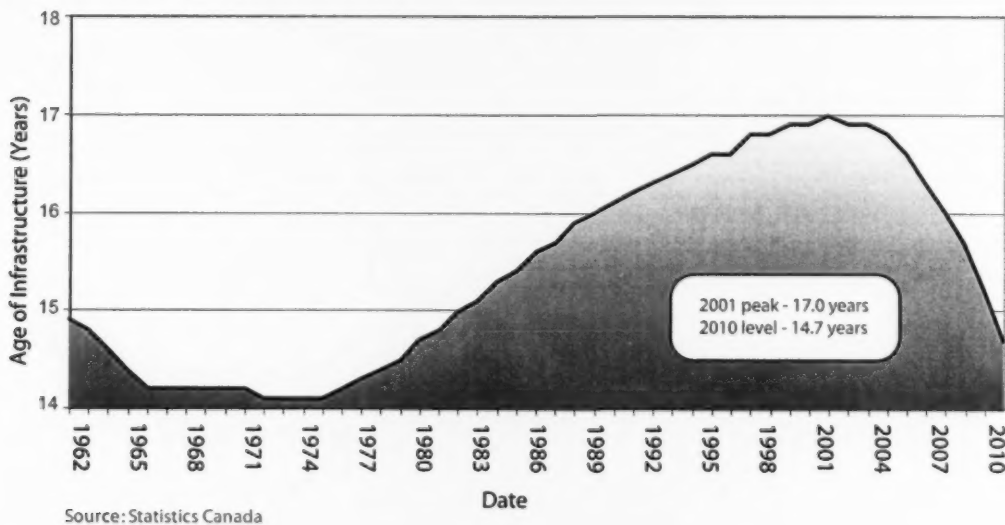
### Recent EAP investments:

Over the past two years, Infrastructure Canada has played a leading role in delivering the Government of Canada's Economic Action Plan (EAP), rolling out unprecedented infrastructure investments through EAP spending, while maintaining prudent stewardship. (See the department's Summary of Performance in Section 1.6 for details.)

The Economic Action Plan has contributed immensely to Canada's economic recovery, shielding Canadians from most of the aftermath of the worst global recession since the 1930s. Over 540,000 jobs<sup>1</sup> have been created in Canada since June 2009, more than recouping all job losses incurred during the recession. Canada's employment growth has been the strongest of the G7, with more Canadians working today than before the downturn. In addition, Canada is one of only two G7 countries (along with Germany) where output and private domestic demand now exceed their pre-recession levels.

Significant federal investments in infrastructure over the last decade, together with leveraged investments from our funding partners, have contributed to the ongoing renewal and improvement of the state of Canada's core public infrastructure<sup>2</sup>. The age of infrastructure is often used as an indication of the state of infrastructure. As seen in Figure 2, the average age of Canada's core public infrastructure peaked in 2001 at 17.0 years. Between 2001 and 2010, this average age has fallen to 14.7 years, including a drop of a full year between 2008 and 2010. The unprecedented infrastructure investments made as part of the EAP are likely to contribute to a further decline in the average age of Canada's public infrastructure in the years to come.

Figure 2: Average Age of Infrastructure



1 Source: Budget 2011, <http://www.budget.gc.ca>.

2 "Core public infrastructure" refers to the following asset categories: bridges, roads, water, wastewater, public transit, and cultural and recreational facilities.

### **Longer term investments:**

In addition to playing a key role in delivering the EAP, the department continued to deliver results for Canadians through the implementation of its long-term investment programs, including the \$2 billion per year Gas Tax Fund, several funds under the \$33 billion Building Canada Plan<sup>3</sup>, as well as through the ongoing management of a number of sunseting programs. A high proportion of federal investments made under these programs provide support for infrastructure projects that fall into the categories of drinking water, wastewater, green energy, the National Highway System, and public transit. These investments provide important benefits to citizens and communities, as described below.

#### *Drinking Water:*

Despite the fact that Canada is home to the largest freshwater reserves in the world, many communities are facing significant pressures regarding drinking water management, supply, and quality. Improving infrastructure for drinking water helps to protect human health by ensuring that Canadians have access to safe, reliable and secure drinking water that meets or exceeds the Guidelines for Canadian Drinking Water Quality.

#### *Wastewater:*

Wastewater treatment infrastructure is important for the protection of public health and to improve the long-term viability of Canada's aquatic environments. Investment in wastewater infrastructure reduces the negative impacts of municipal wastewater effluent and improves the ecosystem health of Canada's oceans, lakes, and rivers.

#### *Public Transit:*

Efficient urban transportation is a vital ingredient in addressing both our short-term economic challenges and preparing Canadian communities to meet the economic and environmental challenges of the future. Investments in public transit improve mobility, reduce traffic congestion, greenhouse gas emissions and air pollution, and contribute to making our communities more prosperous and safe.

3 Note that the \$33 billion Building Canada Plan includes the \$2.1 billion Gateways and Border Crossings Fund and the \$1 billion Asia-Pacific Gateway and Corridor Initiative, administered by Transport Canada, the Goods and Services Tax Rebate, managed by Canada Revenue Agency, and the \$1.2 billion P3 Canada Fund, which falls under the responsibility of PPP Canada.

## Green Energy:

Canada's growing economy and growing population combine to create ever-increasing energy needs. Accommodating this demand for energy strictly from conventional fossil fuels contributes to air pollution and greenhouse gas emissions. There is a pressing need for clean energy infrastructure and the reinforcement and expansion of existing electricity transmission systems. To this end, investments in sustainable energy infrastructure are increasingly important.

## National Highway System:

An efficient national transportation network ensures that Canadian communities are connected both to each other and to the world. Investments in the National Highway System, including connections to inter-modal facilities and international gateways, increase the competitiveness of our economy. In addition, investments in highways and roads improve transportation safety and efficiency, and minimize the environmental impacts caused by congestion and greenhouse gas emissions.

Looking ahead, Budget 2011 highlighted the Government of Canada's intention to work with provinces, territories, the Federation of Canadian Municipalities as well as other stakeholders, to develop a long-term plan for public infrastructure beyond the life of current Infrastructure Canada programs. More details will be available through Infrastructure Canada's website: [www.infrastructure.gc.ca](http://www.infrastructure.gc.ca).

## Project spotlights

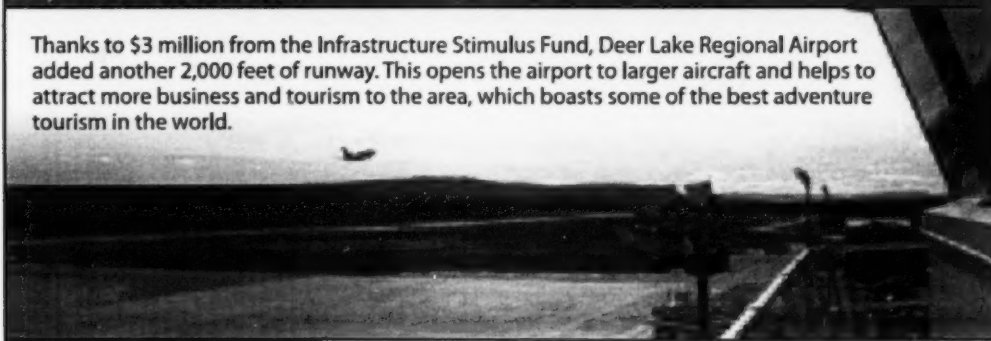
Throughout this document, project spotlights are provided to showcase some of the many projects from across the country that receive funding from Infrastructure Canada. For more information on these projects or any Infrastructure Canada Economic Action Plan project, please visit us online at [www.creatingjobs.gc.ca](http://www.creatingjobs.gc.ca).

### Project Spotlight

#### Longer runway for Deer Lake Regional Airport

Project location: Deer Lake, NL

Thanks to \$3 million from the Infrastructure Stimulus Fund, Deer Lake Regional Airport added another 2,000 feet of runway. This opens the airport to larger aircraft and helps to attract more business and tourism to the area, which boasts some of the best adventure tourism in the world.



**Federal contribution:** \$3 million under the Infrastructure Stimulus Fund.



## II. Programs

Infrastructure Canada delivers a broad range of infrastructure programs, providing flexible and effective funding support for public infrastructure projects together with provincial, territorial, municipal, not-for-profit and private sector infrastructure partners. The department's funding activities are broadly grouped as follows:

1. **Building Canada Plan:** \$33 billion in programs (announced in Budget 2007).
2. **Economic Action Plan:** \$5.5 billion in programs (announced in Budget 2009).
3. **Sunsetting programs:** over \$6 billion in programs that are winding down.

### Infrastructure Canada's Programs at a Glance

Building Canada Plan		
Provincial-Territorial Infrastructure Base Fund (PT Base Fund)	\$2.3 Billion	The PT Base Fund provides a total of \$175 million in funding per jurisdiction (2007-08 to 2013-14). In addition, over \$26 million in per capita funding under the Building Canada Fund for the three territories is managed under this fund. The PT Base Fund is for infrastructure priorities identified by jurisdictions in capital plans they submit for federal acceptance. It was designed to contribute towards the restoration of fiscal balance, especially for smaller jurisdictions. Under the Economic Action Plan, eight jurisdictions opted to accelerate all or part of their funds by March 31, 2011.
Gas Tax Fund (GTF)	\$2 Billion annually	Through provincial and other agreements, the GTF provides municipalities with predictable, long-term funding coupled with local decision-making enabling municipalities to build and rehabilitate public infrastructure that achieves environmental outcomes. The GTF was launched in 2005-06, and extended in Budget 2007 as part of the Building Canada Plan. Through Budget 2011 the government committed to legislate the \$2 billion per year under this program on a permanent basis.
Building Canada Fund-Communities Component (BCF-CC)	\$1.3 Billion	<p>The BCF-CC provides funding that focuses exclusively on infrastructure pressures facing smaller communities, targeting project investments in communities with populations of less than 100,000. The fund leverages additional contributions from other partners by limiting the maximum federal share for funded projects to one-third, with matching contributions from both the provincial and municipal level (2008-09 to 2016-17).</p> <p><i>As a result of the 2010 Strategic Review, Infrastructure Canada is saving \$5.4 million on administration by delivering the BCF-CC more efficiently. These funds will be removed from departmental reference levels and made available for other Government of Canada priorities. The funding for projects remains unchanged.</i></p>

<b>Building Canada Plan</b>		
Building Canada Fund-Major Infrastructure Component (BCF-MIC)	\$6.7 Billion	<p>The BCF-MIC targets larger infrastructure projects of national or regional significance. At least two-thirds of the funding is targeted to national priorities: water, wastewater, public transit, the core National Highway System and green energy. By providing federal funding on a cost-shared basis, the BCF-MIC leverages additional contributions from other partners to promote increased investment in large infrastructure projects (2008-09 to 2016-17).</p> <p><i>As a result of the 2010 Strategic Review, Infrastructure Canada is saving \$4.9 million on administration by delivering the BCF-MIC more efficiently. These funds will be removed from departmental reference levels and made available for other Government of Canada priorities. The funding for projects remains unchanged.</i></p>

<b>Economic Action Plan</b>		
Green Infrastructure Fund (GIF)	\$1 Billion	<p>The GIF provides funding over five years for infrastructure projects that promote cleaner air, reduced greenhouse gas emissions, and cleaner water. The GIF provides up to 50 percent of eligible project costs to promote increased investment in infrastructure to improve the quality of the environment and lead to a more sustainable economy (2009-10 to 2013-14).</p> <p><i>Of the \$1 billion originally allocated to the GIF, \$170 million has been transferred to other federal departments to support high priority initiatives. In addition, \$45 million in unallocated funds from GIF is being removed from departmental reference levels, as per the 2010 Strategic Review process, and made available for other Government of Canada priorities. No approved projects have been cancelled or otherwise affected as a result of this reallocation.</i></p>
Infrastructure Stimulus Fund (ISF)	\$4 Billion	<p>The ISF is intended to accelerate and increase the number of provincial, territorial, municipal and some not-for-profit infrastructure projects. It focuses on the rehabilitation of existing assets and new infrastructure that are construction-ready and can be substantially completed by October 31, 2011. By providing up to 50 percent federal funding to projects, the ISF leverages funding from other partners, generating a much greater overall effect through infrastructure spending to the Canadian economy (2008-09 to 2011-12).</p> <p><i>Of the \$4 billion originally allocated to the ISF, approximately \$200 million has been transferred to other federal departments such as Parks Canada and the National Capital Commission to support infrastructure projects and high priority initiatives.</i></p>
Building Canada Fund-Communities Component Top-Up (BCF-CC Top-Up)	\$500 Million	<p>The BCF-CC Top-Up provides additional funding in the amount of \$500 million (added to the Building Canada Fund-Communities Component) to fund additional infrastructure projects in communities with populations of less than 100,000 (2008-09 to 2011-12).</p>



Sunsetting Programs		
Canada Strategic Infrastructure Fund (CSIF)	\$4.3 Billion	<p>The CSIF provides funding for larger infrastructure projects in areas that are vital to sustaining economic growth, providing for a cleaner environment and enhancing the quality of life of Canadians. The fund leverages additional contributions from other partners by providing up to 50 percent funding for eligible projects (2003-04 to 2012-13).</p> <p><i>Of the \$4.3 billion originally allocated to the CSIF, approximately \$50 million has been transferred to Parks Canada to support a high priority infrastructure project.</i></p>
Municipal Rural Infrastructure Fund (MRIF)	\$1.2 Billion	<p>The MRIF provides funding for small-scale municipal infrastructure projects designed to promote and improve quality of life in both urban and rural communities. For most projects, the MRIF provides up to one-third federal funding for eligible projects (2003-04 to 2013-14).</p> <p><i>Under the 2010 Strategic Review process, \$23 million in unallocated funds from MRIF is being removed from departmental reference levels and made available for other Government of Canada priorities. No projects have been cancelled or otherwise affected as result of this reallocation.</i></p>
Border Infrastructure Fund (BIF) <sup>4</sup>	\$600 Million	<p>The BIF provides funding for investments in physical infrastructure, transportation system infrastructure and improved analytical capacity at surface border crossings. The fund provides up to 50 percent federal funding (2003-04 to 2013-14).</p> <p><i>Of the \$600 million originally allocated to the BIF, approximately \$18 million has been transferred to Canada Border Services Agency for border projects. In addition, \$10.4 million in unallocated funds from BIF is being removed from departmental reference levels, as per the 2010 Strategic Review process, and made available for other Government of Canada priorities. No projects have been cancelled or otherwise affected as result of this reallocation.</i></p>
Support for the G8 Summit (2010)	\$50 Million	<p>Provided funding for infrastructure projects that supported the hosting of the G8 Summit in June 2010 in Huntsville, Ontario, and provided a legacy to local communities and the region as a result of hosting the Summit. (2009-2010 to 2010-2011).</p>

Note: Funding, in most cases, represents original amounts committed to programs through previous Government of Canada Budgets.

4 While new funding to support the G8 Summit (2010) was appropriated by Parliament through the Border Infrastructure Fund, it is reported separately in this document since no border funding was used for G8 Summit-related projects.

### *III. Federal Delivery Partners*

Infrastructure Canada is the lead federal department responsible for infrastructure policy development and program delivery. In some instances, the department collaborates with other federal departments and agencies to promote efficient delivery of its programs. These departments and agencies share their knowledge of local needs and priorities.

Infrastructure Canada's Federal Delivery Partners are:

- Atlantic Canada Opportunities Agency (ACOA);
- Economic Development Agency of Canada for the Regions of Quebec;
- Canadian Northern Economic Development Agency (CanNor);
- Federal Economic Development Agency for Southern Ontario (FedDev Ontario);
- Aboriginal Affairs and Northern Development Canada (AANDC);
- Transport Canada (TC); and
- Western Economic Diversification (WED).

### 1.3 Strategic Outcomes and Program Activity Architecture (PAA)

Infrastructure Canada's Program Activity Architecture (PAA) structure provides a framework for all departmental activities. It organizes resource allocation (both human and financial) against activities and expected outcomes and provides a means to link activities to broader Government of Canada outcomes.

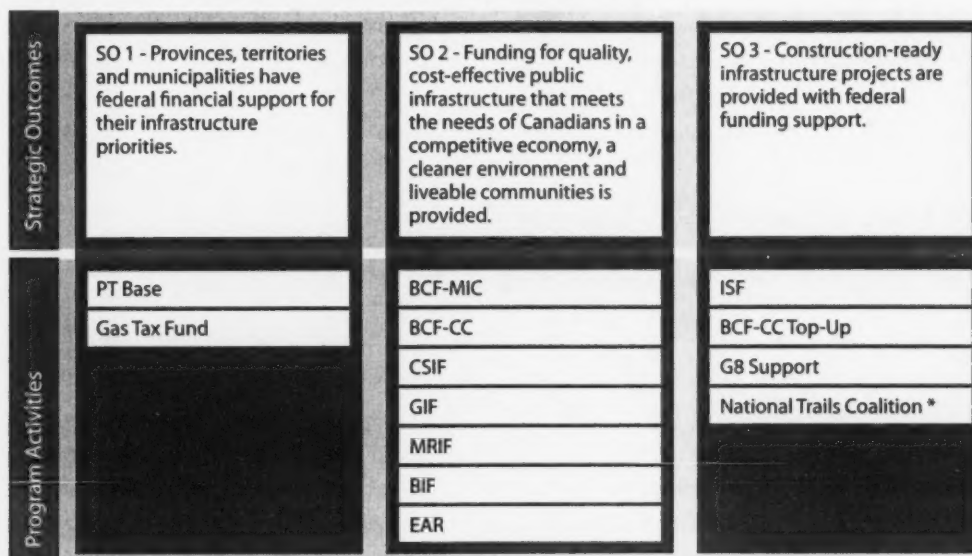
Infrastructure Canada's PAA structure has the following three strategic outcomes and 13 program activities as detailed in Figure 3:

- |   |                              |
|---|------------------------------|
| 1) <b><i>Provinces, territories and municipalities have federal financial support for their infrastructure priorities:</i></b> Provides federal transfers to provincial, territorial and municipal governments for their infrastructure priorities in order to help maintain a high level of quality core public infrastructure across the country.   | Stable & Predictable Funding |
| 2) <b><i>Funding for quality, cost-effective public infrastructure that meets the needs of Canadians in a competitive economy, a cleaner environment and liveable communities is provided:</i></b> Provides targeted project-specific investments to address federal/provincial priorities in both large and small communities as well as large strategic investments of national and regional benefit. | Strategic & Targeted Funding |
| 3) <b><i>Construction-ready infrastructure projects are provided with federal funding support:</i></b> Provides timely, temporary and targeted funding to construction-ready projects to support short-term economic stimulus under the Economic Action Plan.   | Short-Term & Timely Funding  |

Infrastructure Canada's Strategic Outcomes group the department's flexible and innovative suite of programs into three major activity areas. They speak to long-term infrastructure investments, which include stable and predictable funding programs, such as the Gas Tax Fund, as well as strategic and targeted programs, such as the Building Canada Fund. They also speak to short-term, timely and targeted programs such as the significant funding being provided under the Economic Action Plan between 2009 and 2011.

Section II of this report discusses in detail the program activities, as well as the Internal Services program activity.

Figure 3: Program Activity Architecture (PAA)



Note: Activities associated with Internal Services, such as IM/IT or corporate finance, are discussed in detail in Section II of this report.

\* While there was no financial activity for National Trails in 2010-11, it is included in this report for comparative purposes related to spending in previous years.

**Acronyms:**

**(PT Base)** Provincial-Territorial Infrastructure Base Fund  
**(GTF)** Gas Tax Fund  
**(BCF-CC)** Building Canada Fund-Communities Component  
**(BCF-MIC)** Building Canada Fund-Major Infrastructure Component  
**(CSIF)** Canada Strategic Infrastructure Fund  
**(MRIF)** Municipal Rural Infrastructure Fund

**(GIF)** Green Infrastructure Fund  
**(BIF)** Border Infrastructure Fund  
**(EAR)** Economic Analysis and Research  
**(ISF)** Infrastructure Stimulus Fund  
**(BCF-CC Top-Up)** Building Canada Fund-Communities Component Top-Up  
**(G8 Support)** Support for the G8 Summit 2010  
**(SO)** Strategic Outcomes

## 1.4 Organizational Priorities

Infrastructure Canada's priorities for 2010-11 included two operational priorities and four management priorities.

### *Operational Priorities:*

- Effective and efficient stewardship and monitoring of program expenditures;
- Expedite investments in provincial, territorial and municipal infrastructure projects.

### *Management Priorities:*

- Respond to opportunities for improvement identified in the Management Accountability Framework (MAF) assessments;
- Support Public Service Renewal and improve People Management;
- Develop a Performance Measurement Framework (PMF) to support the department's Program Activity Architecture (PAA);
- Enhance departmental capacity for financial monitoring and analysis.

### *Priority Status Legend:*

**Exceeded:** More than 100 percent of the expected level of performance for the priority identified in the corresponding RPP was achieved during the fiscal year.

**Met:** 90-100 percent of the expected level of performance for the priority identified in the corresponding RPP was achieved during the fiscal year.

**Mostly Met:** 75 to 89 percent of the expected level of performance for the priority identified in the corresponding RPP was achieved during the fiscal year.

**Somewhat Met:** 60 to 74 percent of the expected level of performance for the priority identified in the corresponding RPP was achieved during the fiscal year.

**Not Met:** Less than 60 percent of the expected level of performance for the priority identified in the corresponding RPP was achieved during the fiscal year.

## Contribution of Priorities to Strategic Outcomes:

**Operational Priority 1:**  
Ensure effective and efficient stewardship and monitoring of program expenditures.

**Type<sup>5</sup>:**  
Previously committed to.

**Strategic Outcome(s):**  
1, 2 and 3.

### Status: Met

In 2010-11, despite high and unprecedented external pressures on Infrastructure Canada to quickly deliver infrastructure stimulus funding and accelerate existing funding programs, the department ensured that program management control frameworks, documentation, monitoring and reporting tools, and internal audit regimes were in place and working effectively for the continued sound stewardship of all program expenditures. Indeed, the good performance of the department in this area has been recognized and highlighted by external bodies (e.g. 2010 APEX Award won for management of the ISF, as well as the satisfactory review by the Auditor General of Canada on the launch of the EAP).

**Operational Priority 2:**  
Expedite investments in provincial, territorial and municipal infrastructure projects.

**Type<sup>5</sup>:**  
Previously committed to.

**Strategic Outcome(s):**  
1, 2 and 3.

### Status: Met

In partnership with provincial, territorial and municipal governments, Infrastructure Canada continued, in 2010-11, to implement measures aimed at reducing duplication, streamlining federal processes, fast tracking project approvals and accelerating funding under the Building Canada Plan and the infrastructure funds announced in Budget 2009. In fact, 2010-11 has been another record year for the department in terms of overall infrastructure spending, with an unprecedented \$6.25 billion in total investments. Since Budget 2009, Infrastructure Canada has committed more than \$10.6 billion towards approximately 6,400 infrastructure projects.

**Management Priority 1:**  
Respond to opportunities for improvement identified in the Management Accountability Framework (MAF) assessments.

**Type<sup>5</sup>:**  
Ongoing.

**Strategic Outcome(s):**  
1, 2 and 3.

### Status: Mostly Met

In Round VIII (2010-11) of the Management Accountability Framework (MAF) assessment, the department received significant improvements in its MAF ratings. Two areas of management were upgraded to Acceptable. In addition, two areas of management (Risk Management and Effectiveness of Internal Audit Function) which were identified as Acceptable, were upgraded to Strong. One non-core area of management (Managing for Results), originally identified as Acceptable, was rated as Opportunity for Improvement, while all other areas of management remained status quo, at Acceptable.

5 Type is defined as follows: **Previously committed to**—committed to in the first or second fiscal year before the subject year of the report; **Ongoing**—committed to at least three fiscal years before the subject year of the report; and **New**—newly committed to in the reporting year of the DPR.



**Management Priority 2:**  
Support Public Service  
Renewal and improve People  
Management.

**Type<sup>a</sup>:**  
Ongoing.

**Strategic Outcome(s):**  
1, 2 and 3.

**Status: Met**

In 2010-11, Infrastructure Canada developed and implemented a vision for people management, and revised its three-year (2010-13) Integrated Business and Human Resources Plan (IBHRP) to transform this vision into action and to develop measurable indicators. In 2010-11, the department implemented the IBHRP, which includes Public Service Renewal priorities. The Plan's strategies and related activities support a flexible and adaptable workforce, employee development and growth, as well as employee engagement.

**Management Priority 3:**  
Develop a Performance  
Measurement Framework (PMF)  
to support the department's  
new Program Activity  
Architecture (PAA).

**Type<sup>a</sup>:**  
Previously committed to.

**Strategic Outcome(s):**  
1, 2 and 3.

**Status: Met**

The department developed a Performance Measurement Framework (PMF) for the department's current Program Activity Architecture (PAA) structure, in compliance with the Treasury Board Secretariat's Management, Resources and Results Structures (MRRS) Policy. A PMF was completed and will be further refined in 2011-12.

**Management Priority 4:**  
Enhance departmental capacity  
for financial monitoring and  
analysis.

**Type<sup>a</sup>:**  
New.

**Strategic Outcome(s):**  
1, 2 and 3.

**Status: Met**

In 2010-11, significant results and improvements were achieved in the area of financial management including:

- Configuration of the new Salary Resource Management System for implementation in 2011-12 which will provide more timely and accurate salary and staff strength reports for better decision-making on human resources capacity and requirements to deliver programs and services;
- Ensuring quality, timely and accurate financial statements, expenditure forecasts and management reports;
- Strengthening internal financial management capacity through training, staffing vacant positions, engaging consultants, and implementing new internal controls;
- Developing new financial policies and procedures for account verification and the treatment of capital assets, and renewing the department's financial signing authority processes, documentation and instruments of delegation; and
- Assessing and documenting the department's controls in compliance with the new Treasury Board Policy on Internal Control.

## **1.5 Risk Analysis**

### **1.5.1 Risk Analysis Approach**

Infrastructure Canada applies a comprehensive approach to actively identify, assess, and manage risks at four distinct levels: strategic, operations, program and project. The department conducts regular environmental scans and strategic branch consultations to update the departmental list of risks and to identify internal and external risk factors. These risks are then analyzed by the executive management team to determine their probability and potential impact on the department, and mitigation strategies are developed. All of this effort is captured in the department's Corporate Risk Profile report and semi-annual Report on Risk Responses and Re-Assessment of Critical Risk Placements. The department also performs specific risk analyses for its larger programs, such as the Infrastructure Stimulus Fund and the Building Canada Fund-Major Infrastructure Component.

### **1.5.2 Programs Related to the Economic Action Plan**

Within the last few years, the Canadian economy faced extraordinary challenges. Since the announcement of the new programs under the Government of Canada's Economic Action Plan (EAP) in February 2009 (Budget 2009), Infrastructure Canada has played a key role in the delivery of the new programs, rolling out an unprecedented amount of infrastructure investment, while maintaining an environment of prudent stewardship. (Detailed information on EAP programs is provided in sections 1.6 and 2.4.)

In 2009-2010, Infrastructure Canada's focus was to move quickly to reduce duplication and streamline federal processes in order to accelerate federal funding for public infrastructure. In partnership with provincial, territorial, and municipal governments, the department committed funds for thousands of projects through new programs and accelerated funding under existing programs. Funding criteria stipulated that jurisdictions identify projects that could be completed by March 31, 2011. However, this deadline was extended to October 31, 2011, thereby providing the extra time and opportunity to ensure project completion and invoice submissions to the department for final processing that will meet the new deadline. Moreover, as the program has rolled out, risks have diminished proportionately and risk mitigation strategies have been fully developed and implemented.

### **1.5.3 Key Critical Risks**

#### **1.5.3.1 Human Resources Capacity and Capability**

Since 2009, the Corporate Risk Profile identified human resources challenges as one of the most significant risks to the department's ability to deliver on its mandate. In addressing this risk during 2010-11, the department worked to complete its Integrated Business and Human Resources Plan, recruit skilled individuals and decrease staff turnover rate. This included aggressively putting in place staffing strategies, conducting orientation sessions for its new employees, and developing business models and work tools to support employees. Due to these continuing efforts, this risk is now rated as "Acceptable" in the Corporate Risk Profile.



### **1.5.3.2 Information Management and Technology**

In 2010-11, Infrastructure Canada's information management technology was identified as a new risk and as needing to be sufficiently flexible, in order to respond to the management of its infrastructure programs delivery and to reporting requirements on a timely basis. The department responded by developing a new Shared Information Management System for Infrastructure (SIMSI) governance framework and initiating development of a long-term strategic plan to align organizational and business needs, set priorities and focus departmental efforts on a more flexible and cost-effective system. A new system, Financial Planning and Analysis Application, was created to assist the department in tracking financial commitments at program and project levels. As well, a departmental initiative on data quality was launched in 2010-11 to continue to strengthen SIMSI data quality, including supporting horizontal reporting across programs. In addition, the department has specifically assigned staff to address information management technology challenges for the programs under the Economic Action Plan, to identify best practices and replicate past successes and achievements.

### **1.5.3.3 Oversight of Infrastructure Projects**

After fast-tracking thousands of project approvals and accelerating infrastructure funding in partnership with provincial, territorial and municipal governments, ensuring oversight and the delivery of these projects presented an important challenge, and was assessed as a high risk to Infrastructure Canada achieving its mandate. Thanks to robust risk responses, such as establishing accountability mechanisms, creating oversight and management committees, and more rigorous project application and reporting systems, including the use of program risk management tools, the likelihood and potential impact of this risk was reduced, although it still remains an extremely important priority for Infrastructure Canada.

In 2010-11 the focus shifted from project approval to monitoring and closing out projects and providing proper stewardship and oversight for the processing and payment of thousands of claims for projects under the Economic Action Plan. The deadline extension of the EAP to October 31, 2011 has allowed additional time for the completion of some projects, and the department has been managing the effective close-out of the Infrastructure Stimulus Fund and the Building Canada Fund - Communities Component Top-Up. At the same time, the department continues to work closely with its partners to continue the implementation of programs under the long-term \$33 billion Building Canada Plan.

### **1.5.3.4 Managing Transition**

Finally, as Infrastructure Canada moved to the completion of the 2010-11 fiscal year, the department has identified transition and change management as two important considerations, and is putting in place strategies and tools to address these priorities. In the current context, with EAP programs in their final sunseting phase, the emphasis has moved to closing out projects, finalizing claims and payments, and maintaining staff with the right set of skills to address the mid to long-term strategic objectives of Infrastructure Canada.

## 1.6 Summary of Performance

The last two years have been the most successful in Infrastructure Canada's short history, as the department played an instrumental and leading role in the delivery of Canada's Economic Action Plan (EAP). Overall, since the announcement of the EAP on January 27, 2009 (Budget 2009), Infrastructure Canada has committed more than \$10.6 billion towards approximately 6,400 infrastructure projects, helping to create and maintain jobs and make a difference to Canadians in communities across the country.

During 2010-11, the second year of the EAP implementation, Infrastructure Canada shifted primary efforts from reviewing and approving projects and committing funds, to focusing on oversight and delivery of project funding. The department dedicated significant resources to ensure that all financial claims received from proponents were processed efficiently and reimbursed quickly. Although the deadline for infrastructure stimulus projects was extended from March 31, 2011 to October 31, 2011, it is noteworthy that almost 80 percent of the stimulus project costs were incurred by the original March 31, 2011 deadline.

In addition to stimulus programs, in 2010-11 Infrastructure Canada continued to accelerate the roll-out of the existing \$33 billion Building Canada Plan announced in Budget 2007. The department engaged its partners and enabled them to receive financial support more quickly, taking advantage of previous legislative and regulatory changes, as well as administrative actions that have streamlined project review processes while still protecting the environment. From January 2009 up to the end of March 2011, in total, more than \$6 billion was committed under the Provincial-Territorial Infrastructure Base Fund, the Major Infrastructure Component of the Building Canada Fund, and the Communities Component of the Building Canada Fund. These actions increased investment when support for the economy was needed most, expediting thousands of smaller-scale and major infrastructure projects.

Indeed, **2010-11 represented another record year for the department in terms of overall infrastructure spending, with an unprecedented \$6.25 billion in infrastructure funding delivered to our partners**, up from the previous record of \$4.2 billion achieved in 2009-10, and nearly triple the \$2.3 billion in 2008-09; all while ensuring proper due diligence for Canadians.

The table below provides a summary of Infrastructure Canada's performance targets, as set out in the 2010-11 Report on Plans and Priorities. Infrastructure Canada works in partnership with provinces, territories and municipalities in order to meet these annual performance targets. As such, annual results are impacted by both the performance of Infrastructure Canada, and its provincial, territorial and municipal partners.

## 2010-11 Summary of Performance Status by Program

Program	Indicator	Target	Results achieved	Percentage	Status
PT Base Fund	Amount of federal funding to be committed.	\$300 million	\$375 million	125%	Exceeded
	Dollars leveraged	\$250 million	\$424 million	170%	Exceeded
Gas Tax Fund	Amount of federal funding received by municipalities	\$1.9 billion	\$1.75 billion	92%	Met
	Number of municipal recipients receiving Gas Tax funding	3,640 recipients	3,276 recipients	90%	Met
BCF-CC	Amount of federal funding committed	\$260 million in spending	\$223.5 million	86%	Mostly Met
	Amount of funding leveraged from partners	\$520 million	\$447 million	86%	Mostly Met
BCF-MIC	Amount of federal funding to be committed	\$1.7 billion	\$863 million	51%	Not Met
	Dollars leveraged (total cost)	\$4.4 billion	\$3.5 billion	80%	Mostly Met
GIF	Amount of federal funding to be committed.	\$350 million	\$286 million	81%	Mostly Met
	Dollars leveraged	\$700 million	\$740 million	106%	Exceeded
CSIF	Amount of federal funding committed	\$522 million in spending	\$335.3 million	64%	Somewhat Met
	Amount of funding leveraged from partners	\$500 million	\$335.3 million	64%	Somewhat Met

Program	Indicator	Target	Results achieved	Percentage	Status
MRIF	Amount of federal funding committed	\$122 million in spending	\$146.1 million	120%	Exceeded
	Amount of funding leveraged from partners	\$240 million	\$292.2 million	122%	Exceeded
BIF	Amount of federal funding committed	\$50 million in spending	\$67.8 million	136%	Exceeded
	Amount of funding leveraged from partners	\$100 million	\$135.6 million	136%	Exceeded
ISF	Amount of federal funding committed	\$2.9 billion in spending	\$2.7 billion	93%	Met
	Amount of funding leveraged from partners	\$3.8 billion	\$3.8 billion	100%	Met
BCF-CC Top-Up	Amount of federal funding committed	\$385 million in spending	\$303.5 million	79%	Mostly Met
	Amount of funding leveraged from partners	\$770 million	\$607 million	79%	Mostly Met

Based on these indicators, many programs either met or exceeded targets in 2010-11. Only one program, BCF-MIC, did not meet one of its targets. The nature of the projects funded by BCF-MIC is a key factor explaining the challenges that were experienced in meeting this target: proponents often take longer to plan and prepare a funding proposal for the large and complex projects that are funded under this program. This in turn delays the point at which federal funding commitments can be made. On balance, Infrastructure Canada successfully met its performance expectations for 2010-11. More details on these, and other, performance indicators are provided in Section II.

All of the above achievements demonstrate that the department met the significant challenge of providing stimulus funding to the Canadian economy quickly, while at the same time maintaining strong and prudent stewardship. In fact, Infrastructure Canada's

success and good performance in this area was recognized through the APEX 2010 Award for Leadership in Service Innovation, which was received for the rapid and innovative delivery and sound management of the Infrastructure Stimulus Fund.

Infrastructure Canada also received a satisfactory review by the Auditor General of Canada regarding the launch and roll-out of the EAP and infrastructure stimulus programs. The Report of the Auditor General of Canada to the House of Commons (Fall 2010) recognized the significant steps that were taken by the department to speed up the design and launch of its EAP programs. The Auditor General also found that Infrastructure Canada had put in place reasonable management controls and risk management strategies.

In 2010-11, while focusing on the second year of the EAP, Infrastructure Canada continued to work closely with its partners to make key infrastructure investments across Canada through the management and implementation of longer term programs such as the ongoing Gas Tax Fund, as well as other funding programs under the seven-year, \$33 billion Building Canada Plan.

For example, under the Building Canada Fund – Major Infrastructure Component (BCF-MIC), more than \$863 million in federal funding was committed in 2010-11 for 21 major projects, leveraging funding commitments from other levels of government of over \$2.6 billion during that same period. Funding under that program is now almost completely committed in six of the ten provinces, and at least 70 percent of every province's allocation is committed. As well, under the Building Canada Fund – Communities Component (BCF-CC), Infrastructure Canada approved 14 new infrastructure projects that address the needs of smaller communities (with populations of fewer than 100,000 people). Since the inception of this program in 2007, more than \$1.03 billion has been committed by the department, leveraging an additional \$2.1 billion in infrastructure investment towards 883 small-scale projects.

Additionally, the department continued the management of a number of infrastructure programs launched prior to the Building Canada Plan, which have been fully committed and are in the process of winding down.

Since Budget 2009, Infrastructure Canada's programs, combined with funds leveraged from all levels of government, have resulted in approximately \$30 billion in infrastructure investment. These recent and significant investments in public infrastructure are resulting in lasting benefits to Canadians through renewed, modernized and greener infrastructure, thus helping to advance the Government of Canada's priorities of a stronger economy, a cleaner environment, and more prosperous, safer communities.

While each project and initiative funded by Infrastructure Canada delivers important benefits to Canadians, there are cases where strategically targeting funding towards several projects in the same region can deliver benefits that are greater than the sum of their parts. One good example is the series of Infrastructure Canada-funded projects taking place in the Great Lakes Basin (see below).





# *Project Spotlight*

## Working together to protect the Great Lakes Basin Ecosystem

The Great Lakes form the world's largest freshwater ecosystem. Spanning more than 244,000 square kilometres, they fuel our economy, shape our lifestyles and provide drinking water to millions of people. Despite their size, the Great Lakes are vulnerable, facing pressures from climate change, chemicals, urban development, invasive species and other threats. Protecting this delicate ecosystem will ensure that it continues to provide for the people of the region and all living things in and around the Great Lakes.

Recognizing these challenges, Canada and the United States signed the Canada-United States Great Lakes Water Quality Agreement in 1972. In it, each country commits to restoring and maintaining the health of the Great Lakes Basin Ecosystem. In the mid-1980s, the two countries identified a total of 43 Areas of Concern or environmental hotspots. Environmental damage in these areas affected people's use and enjoyment of the lakes or the health of the lakes' ecosystems. Although progress was made to address Canadian Areas of Concern, Canada continues to work with its partners to remediate the nine sites remaining on its list.

Infrastructure Canada is doing its part to support the Government of Canada in meeting these international commitments. Under the Green Infrastructure Fund, \$174.5 million has been committed to upgrading four sewage treatment plants to help rehabilitate three

Areas of Concern: the St. Lawrence River, Hamilton Harbour, and Nipigon Bay. This is in addition to over \$100 million in federal support already committed to addressing the Areas of Concern through various other Infrastructure Canada programs.

Since the launch of the Building Canada Plan in 2007, Infrastructure Canada has committed over **\$890 million** to more than **575** water and wastewater projects that will improve the health of rivers and lakes in the Great Lakes watershed and help ensure safe, high quality drinking water for millions of Canadians.

#### Nipigon Bay:



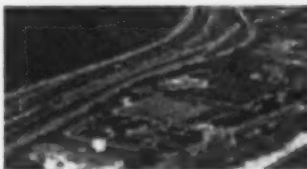
Red Rock: \$4.5-million investment will help increase Red Rock's wastewater treatment system capacity to include a secondary treatment process. This removes dissolved and suspended biological materials from wastewater before its release into Nipigon Bay.

#### St Lawrence:



Cornwall: \$18.5 million will help Cornwall's treatment facility increase its wastewater treatment capacity. This will reduce the amount of untreated sewage being discharged into the St. Lawrence and mitigate flooding during heavy rainfalls.

#### Hamilton Harbour:



(1) Halton: \$51.5 million will help the Skyway Wastewater facility improve its treatment of phosphates, a key element affecting fish habitat in Hamilton Harbour. This will be an important step in meeting the facility's obligations as an Area of Concern.



(2) Hamilton Woodward: \$100 million will help reduce the amount of contaminants discharged into Hamilton Harbour from combined sewer overflows and the wastewater treatment plant. New technology that combines an activated sludge treatment process with a micro-filtration membrane will assist the City of Hamilton in ensuring its treated wastewater effluent meets the proposed federal Wastewater System Effluent Regulations.

### 1.6.1 Financial and Human Resources

Infrastructure Canada's financial and human resources information over the reporting period are summarized in the two tables that follow.

**Table 1: 2010-11 Financial Resources (in \$ thousands)**

Planned Spending	Total Authorities	Actual Spending
9,510,195	9,223,184	6,251,791

**Table 2: 2010-11 Human Resources (FTEs)**

Planned	Actual	Difference
428	352	76

The difference between planned and actual spending for 2010-11 reflects in part the flexibility shown by the Government of Canada with the extension of the Economic Action Plan (EAP) from March 31, 2011 to October 31, 2011, allowing our funding recipients an additional season to complete their projects. Unspent 2010-11 authorities of infrastructure stimulus programs will be re-profiled to 2011-12 through Supplementary Estimates to better match the needs of our partners. In addition, as explained in greater detail in Section 1.7, it is important to note that in most cases, the department's cash flow lags behind the actual rate of construction of projects since recipients are reimbursed once their eligible expenses have been incurred and claims submitted.

For comparison purposes, the financial and human resources information for 2009-10 is presented in the tables below:

**Table 3: 2009-10 Financial Resources (in \$ thousands)**

Planned Spending	Total Authorities	Actual Spending
7,134,885	5,470,649	4,218,060

**Table 4: 2009-10 Human Resources (FTEs)**

Planned	Actual	Difference
256	298	(42)

The department's FTEs are managed in a holistic fashion and resource levels reported against individual programs are based on best available estimates. FTEs are readily re-allocated on an as-needed basis during the year to reflect specific requirements of funding programs and other government priorities. Furthermore, many operational resources are not limited to one specific program and may be re-allocated during the year to meet operational priorities. A similarly estimated and proportional amount of operating funding is also allocated to the administration of individual programs. This flexibility allowed the department to adjust quickly and successfully to implement and manage new programs arising from the Government of Canada's Economic Action Plan.



### 1.6.2 Program Activities by Strategic Outcome and Actual Spending

Table 5 summarizes the achieved results of the program activities, the actual spending under each activity, as well as the alignment of these activities to the Government of Canada outcomes. Internal Services are also presented in this table, which underpin and support the entire department in meeting Government of Canada outcomes.

**Table 5: Performance Summary (Program Activities by Strategic Outcome)**

Strategic Outcome 1: Provinces, territories and municipalities have federal financial support for their infrastructure priorities.						
Performance Indicators		Targets	2010-11 Performance			
Amount of funding provided for eligible categories of infrastructure investments.		Funding will flow expeditiously to program recipients in accordance with program authorities.	<p>Faced with the enormous challenge of delivering infrastructure investments under the EAP in record time, the department successfully accelerated funding under the PT Base Fund to those eight provinces and territories who opted for it, delivering over \$437 million in payments to provinces and territories.</p> <p>The department also continued to successfully implement the ongoing Gas Tax Fund. Indeed, to support the EAP, the department accelerated the delivery of \$869.4 million to GTF signatories for the second year in a row. Over \$1.75 billion was delivered to municipalities in 2010-11, representing 92 percent of the target. The amounts not transferred were related to jurisdictions with outstanding Annual Expenditure Reports, which are required under the conditions set out in the GTF Agreements.</p>			
(In \$ thousands)						
Program Activity	2009-10 Actual Spending	2010-11 <sup>6</sup>				Alignment to Government of Canada Outcomes
		Main Estimates	Planned Spending <sup>7</sup>	Total Authorities	Actual Spending	
Provincial-Territorial Infrastructure Base Fund	672,032	590,526	665,585	508,635	437,548	Strong Economic Growth
Gas Tax Fund	1,873,874	2,003,984	2,106,180	2,106,589	1,752,697	Strong Economic Growth
Sub-Total:	2,545,906	2,594,510	2,771,765	2,615,224	2,190,245	

6 Commencing in the 2009-10 Estimates cycle, the resources for Internal Services are displayed separately from other program activities. They are no longer distributed among the remaining program activities, as was the case in previous Main Estimates. This has affected the comparability of spending and FTE information by Program Activity between fiscal years.

7 The Planned Spending figures are as reported in the 2010-11 Report on Plans and Priorities updated with funding adjustments obtained through 2010-11 Supplementary Estimates in order to provide a truer reflection of the department's 2010-11 actual planned spending.

**Strategic Outcome 2:** Funding for quality, cost-effective public infrastructure that meets the needs of Canadians in a competitive economy, a cleaner environment and liveable communities is provided.

Performance Indicators	Targets	2010-11 Performance
Amount of funding provided for eligible categories of infrastructure investments.	Funding will flow expeditiously to program recipients in accordance with program authorities.	<p>While significant funding was delivered to partners under Strategic Outcome 2, funding flow does not fully reflect the magnitude of funding support provided by Infrastructure Canada to its partners. (See Section II for details on funding committed and leveraged).</p> <p>In addition, by working with partners to effectively and efficiently accelerate funding under the Building Canada Fund, Infrastructure Canada has delivered on its significant EAP commitments. Since January 2009 up until the end of March 2011, in total, more than \$4.6 billion has been committed or spent from BCF-MIC and BCF-CC.</p>

(in \$ thousands)

Program Activity	2009-10 Actual Spending	2010-11 <sup>a</sup>				Alignment to Government of Canada Outcomes
		Main Estimates	Planned Spending <sup>b</sup>	Total Authorities	Actual Spending	
Building Canada Fund-Communities Component	101,065	265,064	329,889	330,718	225,825	Strong Economic Growth
Building Canada Fund-Major Infrastructure Component	196,876	959,100	1,120,824	1,165,402	407,499	Strong Economic Growth
Green Infrastructure Fund	5,760	388,183	370,316	235,387	35,430	Clean and Healthy Environment
Canada Strategic Infrastructure Fund	420,202	503,433	690,187	694,100	336,451	Strong Economic Growth
Municipal Rural Infrastructure Fund	221,766	123,657	307,412	307,845	146,646	Strong Economic Growth
Border Infrastructure Fund	80,863	50,504	69,364	69,727	67,881	Strong Economic Growth
Economic Analysis and Research	4,142	15,498	11,767	15,600	1,750	Innovative and Knowledge-Based Economy
<b>Sub-Total:</b>	<b>1,030,674</b>	<b>2,305,439</b>	<b>2,899,759</b>	<b>2,818,779</b>	<b>1,221,482</b>	

8 Commencing in the 2009-10 Estimates cycle, the resources for Internal Services are displayed separately from other program activities. They are no longer distributed among the remaining program activities, as was the case in previous Main Estimates. This has affected the comparability of spending and FTE information by Program Activity between fiscal years.

9 The Planned Spending figures are as reported in the 2010-11 Report on Plans and Priorities updated with funding adjustments obtained through 2010-11 Supplementary Estimates in order to provide a truer reflection of the department's 2010-11 actual planned spending.

**Strategic Outcome 3: Construction-ready infrastructure projects are provided with federal funding support.**

Performance Indicators	Targets	2010-11 Performance
Amount of funding authority provided for eligible construction-ready infrastructure investments.	All funds are committed, project contribution agreements are signed, claims are received, reviewed and approved, funds are paid out and projects are completed.	<p>Working with provinces, territories, municipalities and other partners, Infrastructure Canada moved from project approvals and funding commitments to oversight and delivery of project funding, making sure that all financial claims received from EAP proponents were processed efficiently and reimbursed quickly.</p> <p>The department also worked closely with partners to ensure timely completion of EAP projects, while the Government of Canada has shown flexibility by extending the deadline for infrastructure stimulus projects from March 31, 2011 to October 31, 2011, in order to ensure responsible project completion. As such, unspent EAP infrastructure funding will be re-profiled to the 2011-12 period.</p>

(in \$ thousands)

Program Activity	2009-10 Actual Spending	2010-11 <sup>10</sup>				Alignment to Government of Canada Outcomes
		Main Estimates	Planned Spending <sup>11</sup>	Total Authorities	Actual Spending	
Infrastructure Stimulus Fund	493,129	2,866,060	3,309,429	3,277,688	2,482,489	Strong Economic Growth
Building Canada Fund-Communities Component Top-Up	30,745	387,557	470,755	472,266	303,739	Strong Economic Growth
Support for the G8 Summit (2010) <sup>12</sup>	40,669	See Footnote 12	9,531	9,430	4,571	Strong Economic Growth
National Trails Coalition <sup>13</sup>	25,100	See Footnote 13	See Footnote 13	See Footnote 13	See Footnote 13	Strong Economic Growth
<b>Sub-Total:</b>	<b>589,643</b>	<b>3,253,617</b>	<b>3,789,715</b>	<b>3,759,384</b>	<b>2,790,799</b>	

Internal Services	51,837	29,092	48,956	29,797	49,265	
<b>Total:</b>	<b>4,218,060</b>	<b>8,182,658</b>	<b>9,510,195</b>	<b>9,223,184</b>	<b>6,251,791</b>	

10 Commencing in the 2009-10 Estimates cycle, the resources for Internal Services are displayed separately from other program activities. They are no longer distributed among the remaining program activities, as was the case in previous Main Estimates. This has affected the comparability of spending and FTE information by Program Activity between fiscal years.

11 The Planned Spending figures are as reported in the 2010-11 Report on Plans and Priorities updated with funding adjustments obtained through 2010-11 Supplementary Estimates in order to provide a truer reflection of the department's 2010-11 actual planned spending.

12 There is no funding allocation for the Support for the G8 Summit 2010 in 2010-11 Main Estimates, as the program was scheduled to be completed in 2009-10. Re-profiling of G8 funding from 2009-10 to 2010-11 was approved by Parliament in the 2010-11 Supplementary Estimates A on June 30, 2010.

13 There is no funding allocation for the National Trails Coalition in the 2010-11 Main Estimates, Planned Spending, Total Authorities and Actual Spending, as the program activity was completed in 2009-10.

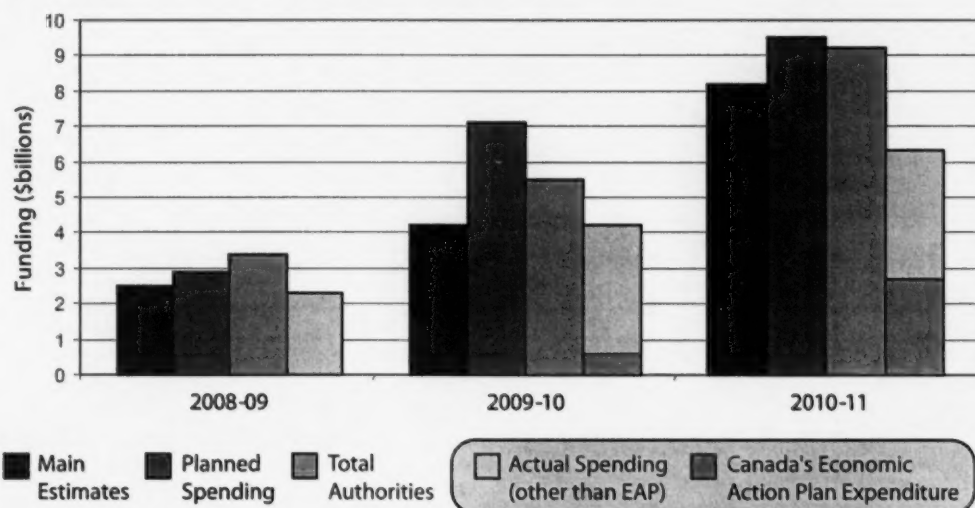
## 1.7 Expenditure Profile

### 1.7.1 Spending Trends

In 2010-11, Infrastructure Canada spent a record of over \$6.25 billion on infrastructure investments under its programs to meet the expected results of its program activities and contribute to its strategic outcomes. This represents an increase of more than \$2.0 billion over 2009-10, which was also a record year. This increase was primarily due to the implementation of the programs under the Economic Action Plan (EAP) in Budget 2009.

Figure 4 represents the department's forecast and actual spending profile from 2008-09 to 2010-11. Spending related to the EAP started in 2009-10, and is planned to continue until 2011-12 (except for the Green Infrastructure Fund, which is planned to continue until 2013-14).

Figure 4: Departmental Spending Trend and the Economic Action Plan (EAP)



Statutory funding authority for the measures under the Economic Action Plan was provided in the Budget Implementation Act. They include: the Infrastructure Stimulus Fund (ISF), the accelerated funding under the Provincial-Territorial Infrastructure Base Fund, the Green Infrastructure Fund and the Building Canada Fund-Communities Component Top-Up (BCF-CC Top-Up). (Note that more details on all spending related to EAP are provided in Section 2.4.4 of this document). The ISF and BCF-CC Top-Up funds are expected to be completed by October 31, 2011, while the Green Infrastructure Fund is planned to continue until 2013-14. While available funding under the Provincial-Territorial Infrastructure Base Fund was accelerated in fiscal years 2009-10 and 2010-11, the program continues to operate and provide funding for provincial and territorial priorities until 2013-14.

### *1.7.2 Variations in Program Spending Trends*

Through a suite of transfer payment programs, the department supports quality public infrastructure investments across Canada.

Program design recognizes the provincial, territorial and municipal responsibility for a majority of public infrastructure, and Infrastructure Canada's participation as a funding partner. The department is not responsible for the management of infrastructure projects, but rather for the reimbursement of eligible expenses submitted by recipient project managers. In the case of other transfer payment programs, the department provides stable base funding to provinces, territories and municipalities under the terms of signed agreements.

It is important to note that the department's cash flows almost always lag behind the actual rate of construction of projects. Work begins upon project approval: contracts are put in place, plans drawn up, materials are ordered and construction starts. While the department commits funds upon project approval, federal funding does not actually flow to recipients until they have submitted claims for actual costs incurred. This is a key risk-management approach for the department, one that ensures that it only pays for work that has already been undertaken. In many cases, recipients choose to wait until completion of the project before submitting a claim. Upon receiving completed claims, the department pays in 30 days. The department works continually with its partners to ensure that forecasts are as accurate as possible, and to re-profile Infrastructure Canada's funding to meet the needs of its partners. (Details on Infrastructure Canada's typical program close-out and claims process can be found after Section 1.7.3).

As such, the \$2.9 billion of unspent 2010-11 authorities will be re-profiled to future years to better match the funding profile needs of our partners.

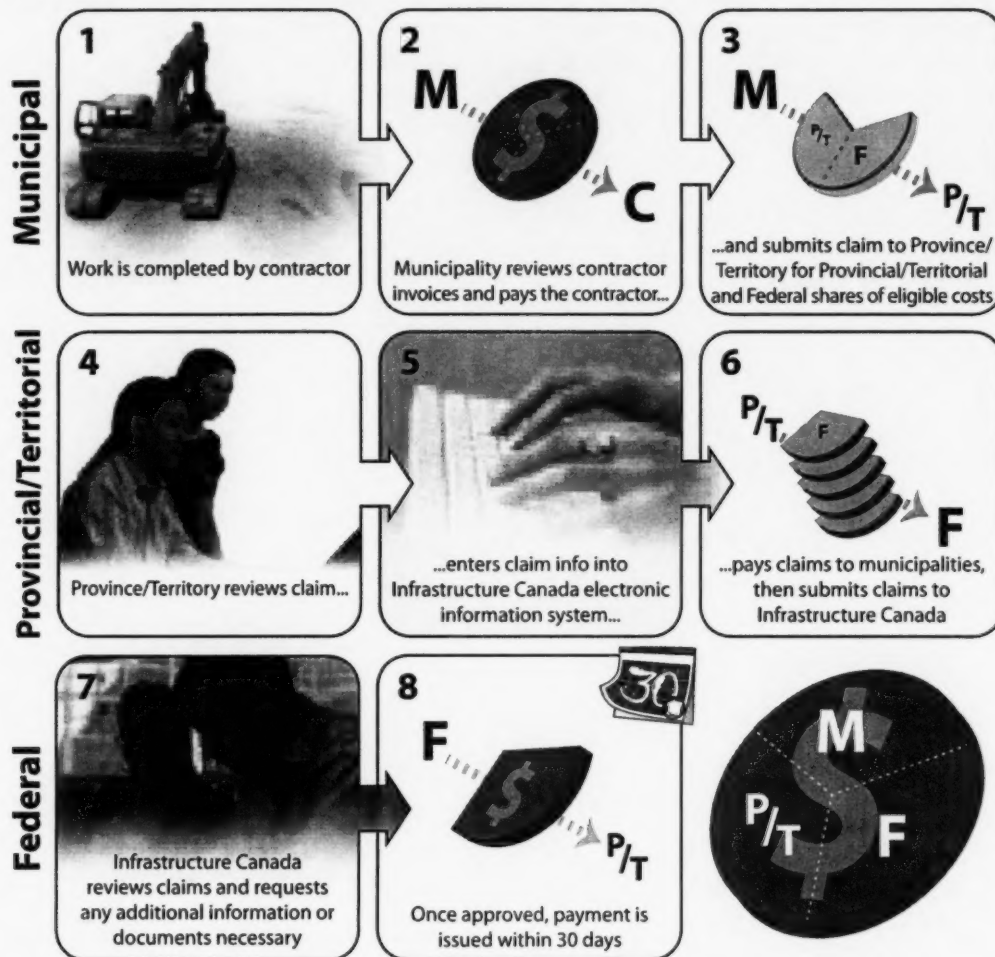
### *1.7.3 Estimates by Vote*

For information on our organizational votes and/or statutory expenditures, please see the 2010-11 Main Estimates publication. An electronic version of the Main Estimates is available at <http://www.tbs-sct.gc.ca/est-pre/20102011/me-bpd/toc-tdm-eng.asp>.



### Typical Claims Process:

Below is a glimpse of a typical claim process for a municipal project being funded under a provincial or territorial agreement.



It is important to note that, for contribution programs, Infrastructure Canada is not responsible for the management of infrastructure projects. Specifically, under Strategic Outcomes 2 and 3, Infrastructure Canada reimburses eligible expense claims submitted by the recipients – the project managers. As such, the department's spending lags behind the actual rate of construction. In many cases, recipients choose to submit claims only when all construction is completed. Upon receiving completed claims, the department pays in 30 days.

## Section II

### Analysis of Program Activities by Strategic Outcomes

#### 2.1 Program Activities and Strategic Outcomes

Infrastructure Canada's Program Activity Architecture (PAA) has the following three Strategic Outcomes (SO) and 13 program activities in support of its mandate. The information presented in this section is organized according to Infrastructure Canada's PAA structure:

- 1) ***Provinces, territories and municipalities have federal financial support for their infrastructure priorities.***

Program Activities:

- Provincial-Territorial Infrastructure Base Fund
- Gas Tax Fund

- 2) ***Funding for quality, cost-effective public infrastructure that meets the needs of Canadians in a competitive economy, a cleaner environment and liveable communities is provided.***

Program Activities:

- Building Canada Fund-Major Infrastructure Component
- Building Canada Fund-Communities Component
- Canada Strategic Infrastructure Fund
- Green Infrastructure Fund
- Municipal Rural Infrastructure Fund
- Border Infrastructure Fund
- Economic Analysis and Research

- 3) ***Construction-ready infrastructure projects are provided with federal funding support.***

Program Activities:

- Infrastructure Stimulus Fund
- Building Canada Fund-Communities Component Top-Up
- Support for the G8 Summit 2010
- National Trails Coalition<sup>1</sup>

<sup>1</sup> There was no spending under the National Trails Coalition Program Activity in 2010-11, and as such, it is not further addressed in Section II.

The strategic outcomes speak to longer term infrastructure investments which include stable and predictable funding programs such as the Gas Tax Fund, as well as targeted programs such as the Building Canada Fund. They also speak to short-term, timely and targeted programs such as the significant funding being provided under the Economic Action Plan. Overall, the program activities result in the construction, renewal and/or enhancement of public infrastructure, contributing to broad government objectives of a competitive economy, a cleaner environment and liveable communities.

The sections that follow provide detailed information on each of the program activities, including financial and human resources associated with them, key achievements and milestones for 2010-11, as well as their performance regarding the targets as set out in the 2010-11 Report on Plans and Priorities. As mentioned earlier, the department's FTEs are managed in a holistic fashion and resource levels reported against individual programs are based on best available estimates. FTEs are readily re-allocated on an as-needed basis during the year to reflect specific requirements of funding programs and other government priorities.

*Priority Status Legend:*

**Exceeded:** More than 100 percent of the expected level of performance (as evidenced by the indicator and target or planned activities and outputs) for the expected result identified in the corresponding RPP was achieved during the fiscal year.

**Met:** 90-100 percent of the expected level of performance (as evidenced by the indicator and target or planned activities and expected outputs) for the expected result identified in the corresponding RPP was achieved during the fiscal year.

**Mostly Met:** 75 to 89 percent of the expected level of performance (as evidenced by the indicator and target or planned activities and expected outputs) for the expected result identified in the corresponding RPP was achieved during the fiscal year.

**Somewhat Met:** 60 to 74 percent of the expected level of performance (as evidenced by the indicator and target or planned activities and outputs) for the expected result identified in the corresponding RPP was achieved during the fiscal year.

**Not Met:** Less than 60 percent of the expected level of performance (as evidenced by the indicator and target or planned activities and outputs) for the expected result identified in the corresponding RPP was achieved during the fiscal year.



## 2.2 Strategic Outcome 1

Provinces, territories and municipalities have federal financial support for their infrastructure priorities.

### 2.2.1 Provincial-Territorial Infrastructure Base Fund

#### Predictable funding for Provinces and Territories

##### *Program Activity Description:*

This program activity provides a pre-determined level of base funding to provinces and territories for infrastructure initiatives, balancing the Building Canada Fund's per capita allocations. The Provincial-Territorial Infrastructure Base Fund was designed to contribute to the restoration of the fiscal balance while at the same time contribute to the enhancement of Canada's public infrastructure system. Each jurisdiction receives funding based on Capital Plans accepted by the Minister, and the Plans outline infrastructure initiatives that support priorities in a given jurisdiction within the scope of eligible federal investment categories. While payments are made to provinces and territories, ultimate recipients may include local and regional governments or private sector bodies. Payments are made in advance and provinces and territories may pool, bank, or cash-manage these funds in a manner that will afford them greater flexibility in implementing their Annual Capital Plans.

##### *2010-11 Financial Resources (in \$ thousands)*

Planned Spending	Total Authorities	Actual Spending
665,585	508,635	437,548

##### *2010-11 Human Resources (FTEs)*

Planned	Actual	Difference
5.0	2.0	3.0

##### **Results Achieved**

In 2010-11, Infrastructure Canada:

- Approved nine new provincial-territorial capital plans and one amended plan, committing more than \$375 million in federal funding towards 116 new individual initiatives across Canada.
- Leveraged nearly \$424 million in additional funding from provinces, territories and other funders, bringing the total value of initiatives approved under this fund in 2010-11 to almost \$799 million.
- Negotiated and signed the last remaining Provincial-Territorial Infrastructure Base Funding Agreement.

Performance Indicators	Targets	Performance Status
Amount of federal funding to be committed.	\$300 million	<b>Exceeded</b>
Dollars leveraged.	\$250 million	<b>Exceeded</b>

### *Performance Summary and Analysis of Program Activity*

In 2010-11, the second year of the Economic Action Plan, the Provincial-Territorial Infrastructure Base Fund continued to focus on providing timely, accelerated funding to the eight jurisdictions that opted to accelerate their funding under the program (British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Nova Scotia, Prince Edward Island and the Northwest Territories). At the same time, the PT Base Fund continued to work with those jurisdictions that chose to remain under the original terms of the program. Nine new capital plans were approved, committing another \$375 million dollars in federal funding to 116 new initiatives and leveraging almost \$424 million in funding from other partners, including provinces, territories and municipalities. In the 2010-11 fiscal year, four jurisdictions fully committed the balance of their PT Base funds. With investments totalling around \$1.86 billion as of March 31, 2011, this represents approximately 81 percent of the entire \$2.1 billion PT Base allocation.

The department also signed the only remaining Provincial-Territorial Infrastructure Base Funding Agreement. With the signing of the funding agreement with the Government of Ontario, the objective of concluding agreements with all jurisdictions is now achieved and the program is being fully implemented nationwide.

The program continues to provide stable, predictable funding for jurisdictions and offers them significant flexibility in funding their core infrastructure priorities. Under the Provincial-Territorial Base Fund, funding is flowed based on the federal ministerial approval of provincial/territorial Capital Plans. Additionally, provinces and territories are required to submit Annual Expenditure Reports audited by the provincial/territorial auditor general or another independent provincially/territorially licensed auditor, for federal acceptance by the federal Infrastructure Framework Committee co-chair.

In 2010-11, building upon its amended terms and conditions and accelerated agreements signed with the majority of provinces and the territories, Infrastructure Canada exceeded its expected level of performance with regards to approving capital plans submitted by jurisdictions, committing federal funds and leveraging additional funding from other partners.

### *Lessons Learned*

In 2010-11, Infrastructure Canada continued to ensure diligent delivery of the program by maintaining appropriate program controls, demonstrating strong stewardship, and approving submitted capital plans and reports in a timely manner in order to deliver funds as expeditiously as possible. Overall, since its inception, the Provincial-Territorial

Infrastructure Base Fund has continued to prove to be very efficient in delivering federal funds to provinces and territories to support their infrastructure priorities. The program has demonstrated its ability to deliver results while at same time ensuring sound management.

### Project Spotlight

#### Building bridges to the North—Mackenzie Valley Winter Road Bridge Program

Project location: NWT



The Government of Canada is contributing to the Mackenzie Valley Winter Road Bridge Program through the Provincial-Territorial Infrastructure Base Fund. It is one of the over \$40 million worth of infrastructure initiatives being funded as part of the Northwest Territories 2010-11 Annual Capital Plan. The program is improving the existing road and adding permanent, all-season bridges to make transportation safer and easier for motorists year-round. Creating more efficient, reliable access to job sites for the energy and mining sectors will also help stimulate the economy.

**Eligible cost:** \$9.1 million under the Provincial-Territorial Infrastructure Base Fund.

### 2.2.2 Gas Tax Fund

#### Stable, Predictable and Long-Term Funding for Municipalities

##### *Program Activity Description:*

This program activity provides municipalities with reliable, predictable and multi-year funding that will enable them to make investments in infrastructure projects that address local needs and help to produce the outcomes of cleaner air, cleaner water and reduced greenhouse gas emissions. The Gas Tax Fund is administered through agreements between the federal government and provincial/territorial governments that set out eligible infrastructure investment categories and provide recipients with a pre-determined annual allocation based on a per-capita distribution across jurisdictions. Recipients are responsible for providing aggregate reporting to Canada on the use of funds and results achieved on an annual basis. Funded projects fall in one of the following categories: water, wastewater, solid waste, public transit, community energy systems, local roads and bridges. Funding may also be provided to help build the capacity of municipalities to design and implement integrated community sustainability plans. Funds are paid to a province or territory, to municipal associations or to the City of Toronto. The provinces, territories or municipal associations in turn provide funding to municipalities.

### 2010-11 Financial Resources (in \$ thousands)

Planned Spending	Total Authorities	Actual Spending
2,106,180	2,106,589	1,752,697

### 2010-11 Human Resources (FTEs)

Planned	Actual	Difference
15.0	15.0	0

#### Results Achieved

In 2010-11, Infrastructure Canada:

- Collaborated with provinces and territories to ensure that recipients have access to stable and predictable funding to build and improve infrastructure.
- Supported investments in public transit, water, wastewater, solid waste, local roads and bridges, community energy systems and community capacity while achieving the desired outcomes of cleaner air and water, and lower greenhouse gas emissions.
- In support of the Economic Action Plan, accelerated the second and final payment helping municipalities to take better advantage of the 2010 spring and summer construction seasons.

Performance Indicators	Targets	Performance Status
Amount of federal funding received by municipalities	\$1.9 billion (95% of estimates).	<b>Met</b>
Number of municipal recipients receiving Gas Tax funding	3,640 (95% of municipal recipients).	<b>Met</b>

### Performance Summary and Analysis of Program Activity

During 2010-11, Infrastructure Canada coordinated and collaborated with provinces, territories and municipalities, enabling their ongoing access to stable and predictable funding to build and improve core public infrastructure. To support the Economic Action Plan, the department accelerated the delivery of \$869.4 million to signatories for the second year in a row. This brought the total amount delivered to provinces and territories in 2010-11 to \$1.75 billion representing 92 percent of the target. Based on the Gas Tax Fund Agreements, 3,640 municipal recipients received their annual Gas Tax Fund allocation, which represented approximately 90 percent of target levels. Two jurisdictions did not receive their Gas Tax Fund allocation in 2010-11 because they had not provided Annual Expenditure Reports in accordance with the conditions of the Gas Tax Fund agreement. Together, these jurisdictions account for eight percent of federal funding under this program. One jurisdiction has since met the conditions for funding, early in 2011-12, and received its allocation. Significant progress is being made with the final jurisdiction.

Since the inception of the program in 2005, municipalities have been able to fund over 9,000 projects through the Gas Tax Fund for public transit, water, wastewater, solid waste, local roads and bridges, community energy systems and community capacity. These projects target desired outcomes of cleaner air, cleaner water, and lower greenhouse gas emissions.

### *Lessons Learned*

The annual expenditure reports provided by the signatories continue to demonstrate the effectiveness of the Gas Tax Fund in addressing the ongoing infrastructure needs of Canada's cities and communities. However, given that the Fund is primarily managed at a provincial/territorial level, collecting the relevant data necessary for reporting on the program's achievements at a national level is an ongoing challenge. The department is continuing to work with provinces and territories in the development of a streamlined data management system to strengthen the integrity and accuracy of information collected from each jurisdiction and to better account for the funds allocated to over 3,600 municipalities.

### **Project Spotlight**

#### **St. Albert Transit gets a big boost**

Project location: St. Albert, AB



The City of St. Albert used \$2.8 million from the federal Gas Tax Fund to renovate the Dez Liggett Transit Facility. The 5,000-square-foot expansion provides sufficient storage space for the city's 15 new buses. The project also updated the building's mechanical systems and the fuel and oil storage tanks. This project has helped the City to accommodate increasing transit demand and improve its environmental performance.

**Federal contribution:** \$2.8 million under the Gas Tax Fund.



## 2.3 Strategic Outcome 2

Funding for quality, cost-effective public infrastructure that meets the needs of Canadians in a competitive economy, a cleaner environment and liveable communities is provided.

### 2.3.1 Building Canada Fund-Communities Component

#### Supporting the Infrastructure Needs of Smaller Communities

##### *Program Activity Description:*

This program activity provides funding to address the unique infrastructure pressures facing smaller communities. It provides project investments in communities with populations of less than 100,000. Projects under this program activity contribute to the construction, renewal and/or enhancement of public infrastructure in partnership with funding recipients. Projects are selected through an application-based process governed in each province by an umbrella federal-provincial contribution agreement which also identifies eligible project costs. Federal funds are provided to provincial governments when claims for eligible costs are received, and these funds are in turn delivered to the ultimate recipient through agreements between the province and the eligible recipient. Projects under this program activity include basic infrastructure needs such as potable water, wastewater treatment, local roads and other infrastructure needs of residents of small communities, including rural areas.

##### *2010-11 Financial Resources (in \$ thousands)*

Planned Spending	Total Authorities	Actual Spending
329,889	330,718	225,825

##### *2010-11 Human Resources (FTEs)*

Planned	Actual	Difference
17.0	21.0	(4.0)

##### **Results Achieved**

In 2010-11, Infrastructure Canada:

- Collaborated with Federal Delivery Partners and provinces to advance the project selection for the Building Canada Fund-Communities Component (BCF-CC).
- Signed Service Level Agreement in August, 2010



Performance Indicators	Targets	Performance Status
Amount of federal funding committed	No new funding commitments were planned for 2010-11, as the program was fully committed. This is in line with the Economic Action Plan's objectives, i.e. the department would work with its partners to accelerate spending and provide stimulus to the economy.	
	Apart from program administration costs, \$260 million of planned spending for 2010-11 reflects funding commitments made in previous years.	<b>Mostly Met</b>
Amount of funding leveraged	Federal spending commitments for 2010-11 were expected to support \$520 million in eligible infrastructure costs by funding partners.	<b>Mostly Met</b>

#### *Performance Summary and Analysis of Program Activity*

During 2010-11, Infrastructure Canada selected 14 new projects, totalling \$8.5 million in federal contributions from previously committed funding, leveraging an additional \$19.2 million in infrastructure investment<sup>2</sup>. This means that every federal dollar committed was matched by \$2.26 from its funding partners. With 160 projects reported complete and another 560 projects underway, Infrastructure Canada spent \$223.5 million in 2010-11 leveraging an additional \$447 million from funding partners. The amount spent and the amount leveraged both represent 86 percent of planned targets.

Since 2007, more than \$1.03 billion has been committed by the Government of Canada, leveraging an additional \$2.1 billion in infrastructure investment. This funding is supporting 883 smaller-scale projects, with a total value of over \$3.1 billion, in communities with populations of fewer than 100,000 people. The largest categories of investments are local road infrastructure and water infrastructure, which account for 13 and 11 percent of Building Canada Fund – Communities Component projects respectively.

As a result of the 2010 Strategic Review, Infrastructure Canada is saving \$5.4 million on administration by delivering the BCF-CC more efficiently. These funds will be removed from departmental reference levels and made available for other Government of Canada priorities. The funding for projects remained unchanged.

#### *Lessons Learned*

The Building Canada Fund – Communities Component builds on lessons learned from earlier Infrastructure Canada programs, such as the Infrastructure Canada Program (ICP) and the Municipal Rural Infrastructure Fund (MRIF). Recommendations

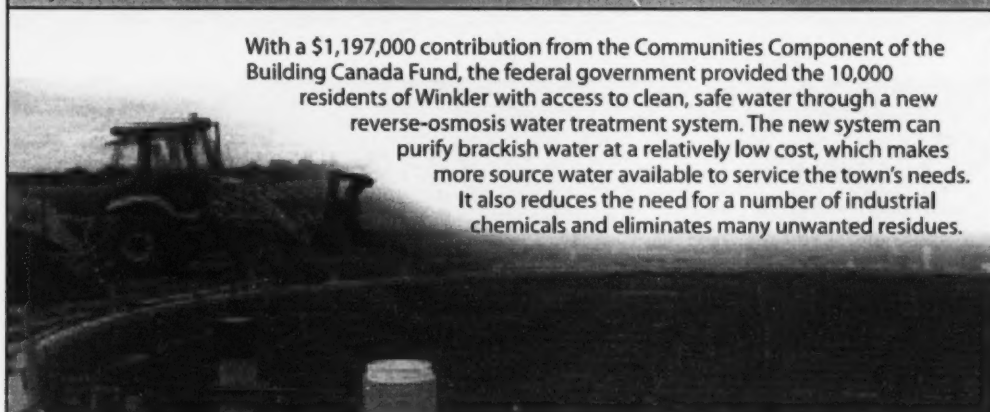
<sup>2</sup> Once project funding under BCF-CC is approved, it is delivered by regional agencies.

from sources such as the internal Infrastructure Canada audit of the Municipal Rural Infrastructure Fund program included enhancing relations with Federal Delivery Partners as well as partner provinces and territories to improve program delivery. Based on these recommendations, a Service Level Agreement was signed between Infrastructure Canada and the Federal Delivery Partners in August 2010 clearly defining the roles and responsibilities of both parties for efficient and effective program delivery.

### Project Spotlight

#### Improved rural water supply

Project location: **Winkler, Manitoba**



With a \$1,197,000 contribution from the Communities Component of the Building Canada Fund, the federal government provided the 10,000 residents of Winkler with access to clean, safe water through a new reverse-osmosis water treatment system. The new system can purify brackish water at a relatively low cost, which makes more source water available to service the town's needs. It also reduces the need for a number of industrial chemicals and eliminates many unwanted residues.

<b>Federal contribution:</b>	\$1,197,000 under the Building Canada Fund-Communities Component.
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### 2.3.2 Building Canada Fund-Major Infrastructure Component

#### Supporting Nationally and Regionally Significant Projects

##### *Program Activity Description:*

This program activity targets larger, strategic projects of national and regional significance. The Building Canada Fund was designed to increase investment in public infrastructure and contribute to broad federal objectives of economic growth, a cleaner environment and strong and prosperous communities. Two-thirds of funding under the Building Canada Fund-Major Infrastructure Component, on a national basis, is targeted to national priorities of water, wastewater, public transit, the Core National Highway System and green energy. The Major Infrastructure Component has 12 additional eligible categories of investment. Priority projects are identified through discussion with provinces, and eligible recipients include provinces, municipalities, and private sector bodies (not-for-profit and for-profit). All projects must be supported by a project overview that includes an assessment of the following five key areas: basic eligibility, financial and legal requirements, benefits, risk mitigation and minimum federal requirements. Once a project review is completed and a project is approved, funds are delivered to reimburse

eligible costs through contribution agreements with eligible recipients. Projects under this program activity contribute to the construction, renewal and/or enhancement of public infrastructure in partnership with funding recipients.

*2010-11 Financial Resources (in \$ thousands)*

Planned Spending	Total Authorities	Actual Spending
1,120,824	1,165,402	407,499

*2010-11 Human Resources (FTEs)*

Planned	Actual	Difference
62.0	37.0	25.0

Results Achieved		
<p>Program funding is almost completely committed in six of the ten provinces (90% – 100% committed), and at least 70 percent of every province's allocation is committed.</p> <p>More than \$863 million in federal funding was committed for BCF-MIC projects in 2010-11.</p> <p>For 2010-11, federal investments under the BCF-MIC leveraged funding commitments of over \$2.6 billion. When combined with the federal commitment of \$863 million, this represents a total of almost \$3.5 billion.</p>		
Performance Indicators	Targets	Performance Status
Amount of federal funding committed	\$1.7 billion	<b>Not Met</b>
Dollars leveraged	\$4.4 billion <sup>3</sup>	<b>Mostly Met</b>

*Performance Summary and Analysis of Program Activity*

In 2010-11, Infrastructure Canada continued to accelerate the roll-out of the Building Canada Fund – Major Infrastructure Component, taking advantage of previous legislative and regulatory changes, as well as administrative actions that have streamlined project review, approval, and contribution agreement negotiation processes. In 2010-11, more than \$863 million in federal funding was committed to 21 major projects worth \$3.5 billion. While good progress was made in terms of funding commitments in 2010-11, the amount of federal funding committed did fall short of the target. This is largely because proponents are taking longer to plan and prepare funding proposals for the large and complex projects that are supported by this program. This can lead to delays in the stage at which federal funding commitments are made.

Since the Building Canada Fund – Major Infrastructure Component's launch following Budget 2007, \$5.5 billion representing approximately 82 percent of the funds available has been committed to 143 major projects across the country (as of March 31, 2011). Program funding is almost completely committed in six of the ten provinces (90% - 100% committed), and at least 70 percent of every province's allocation is committed. In 2010-11, 25 major

<sup>3</sup> The 2010-11 target of \$4.4 billion for dollars leveraged includes funding from both Infrastructure Canada and partners.

projects worth \$2.5 billion (\$611 million of federal investment) began construction, bringing the total number of projects under construction since the fund started to 73. During the same year, three major projects worth over \$47 million (\$18 million of federal investment) completed construction. Since the fund's inception, projects worth \$61 million (federal share \$28 million) were completed and \$11 billion worth of projects (federal share \$3.7 billion) began construction. In 2010-11, leveraged funding commitments rose to \$2.6 billion, meaning that every federal dollar was matched by \$3 from partners. Parallel to the rise in federal commitments, total leveraged funding for the program has now risen to over \$12 billion.

Finally, as a result of the 2010 Strategic Review, Infrastructure Canada is saving \$4.9 million on administration by delivering the BCF-MIC more efficiently. These funds will be removed from departmental reference levels and made available for other Government of Canada priorities. The funding for projects remained unchanged.

### *Lessons Learned*

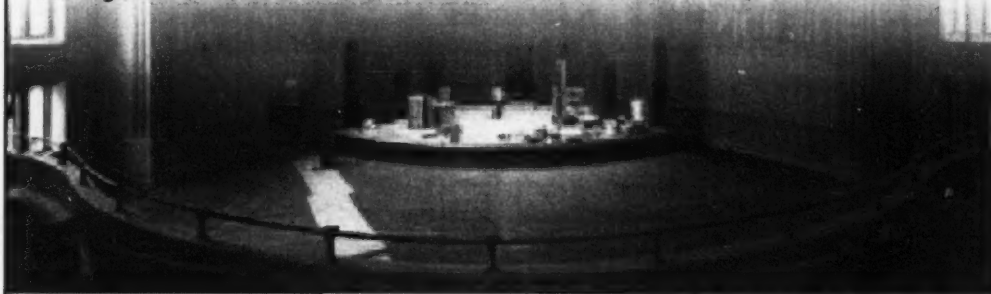
Significant changes to project eligibility criteria were made to streamline the project approval process. Policy leveraging criteria were simplified to examine five key issues: basic eligibility; financial and legal requirements; project benefits; risk mitigation and minimum federal requirements. Attention was paid to maintaining accountability for results and ensuring projects benefits are realized.

### **Project Spotlight**

#### **New pavilion at the Montreal Museum of Fine Arts**

**Project location:** Montreal, QC

A \$13-million investment from the Major Infrastructure Component of the Building Canada Fund has helped the Montreal Museum of Fine Arts build a new pavilion for its extensive Canadian art collection. The building provides twice the exhibit space for the collection and connects to the Museum's other three pavilions by an underground walkway. The funding also went towards restoring and equipping the Erskine and American Church, another of the museum's four buildings, to accommodate concerts and other cultural activities.



**Federal contribution:**

\$13 million under the Building Canada Fund-Major Infrastructure Component.



### 2.3.3 Green Infrastructure Fund

#### Investing in Environmental Infrastructure

##### *Program Activity Description:*

This program activity provides funding for green infrastructure projects that promote cleaner air, reduced greenhouse gas emissions, and cleaner water, and fall within any of the following categories: wastewater infrastructure, green energy generation infrastructure, green energy transmission infrastructure, solid waste infrastructure and carbon transmission and storage infrastructure. Projects under this program activity contribute to the construction, renewal and/or enhancement of public infrastructure in partnership with recipients. Eligible recipients for this fund include provinces, territories, local or regional governments, public sector bodies, non-profit organizations and private companies, either alone or in partnership with a province, territory or a government. Funding under the Green Infrastructure Fund is provided on a cost-shared basis. Projects are selected based on merit and evaluated against assessment criteria such as eligibility, leveraging financial investments and project benefits.

##### *2010-11 Financial Resources (in \$ thousands)*

Planned Spending	Total Authorities	Actual Spending
370,316	235,387	35,430

##### *2010-11 Human Resources (FTEs)*

Planned	Actual	Difference
20.0	14.0	6.0

##### **Results Achieved**

In 2010-11, a total of nearly \$116 million was committed in support of projects under the Green Infrastructure Fund and an additional \$170 million was transferred to other departments for high-priority initiatives, for a total of \$286 million.

The majority of the fund has been committed. Since the launch of the program, a total of \$787 million has been committed to projects and high-priority initiatives.

This federal funding of \$286 million leveraged an additional amount of over \$450 million from all our funding partners, for a total of nearly \$740 million.

Performance Indicators	Targets	Performance Status
Amount of federal funding to be committed.	\$350 million	Mostly Met
Dollars leveraged.	\$700 million <sup>4</sup>	Exceeded

4 The 2010-11 target of \$700 million for dollars leveraged includes funding from both Infrastructure Canada and partners.

### *Performance Summary and Analysis of Program Activity*

The goal of the Green Infrastructure Fund is to support environment improvement and promote long-term growth. By focusing on funding projects with positive, long-term environmental impacts, all provinces and territories will benefit.

In 2010-11, Infrastructure Canada focused on the transition of the fund from start up to project approval and the negotiation of funding agreements. Since the launch of the program in 2009-10, \$617 million has been committed to 17 projects. These include:

- Almost \$171 million for bio-methanization projects in the Province of Quebec, which will divert organic solid waste from municipal landfills and generate energy from bio-gas;
- More than \$201 million for transmission line infrastructure in British Columbia and the Yukon. These projects will increase use of green energy and reduce greenhouse gas emissions; and
- A total of \$245 million in funding for wastewater infrastructure in Ontario and Manitoba. Funding for these projects will improve water quality and help municipalities meet the requirements of the new federal Wastewater Systems Effluent Regulations. Investments in wastewater through the Green Infrastructure Fund also contribute to meeting the objectives under the Canada-US Great Lakes Water Quality Agreement.

A total of ten projects were underway in 2010-11, with total project costs valued at \$1.05 billion. The federal shares of these projects are valued at \$358 million, with funding leveraged from partners totalling nearly \$700 million. For the 17 projects that have been announced, nearly \$1.5 billion has been leveraged from all funding partners.

In addition, in 2010-11 the Government of Canada transferred \$170 million from the Green Infrastructure Fund to other federal departments to support high-priority initiatives. These include the investments in the Forestry Industry Transformation program as managed by Natural Resources Canada, as well as the Temporary Initiative for the Strengthening of Quebec's Forest Economies as managed by the Economic Development Agency of Canada for the Regions of Quebec.

Further, \$45 million in unallocated funds from the Green Infrastructure Fund is being removed from departmental reference levels, as per the 2010 Strategic Review process, and made available for other Government of Canada priorities. No approved projects have been cancelled or otherwise affected as a result of this reallocation.



### *Lessons Learned*

Unlike other Infrastructure Canada programs, the Green Infrastructure Fund does not have a set provincial or territorial allocation, allowing resources to be focused where they are most likely to generate the greatest impact. Projects can be identified through a variety of channels, but provinces and territories are the primary partners with which projects are identified, since they are the main proponents and funders. Their funding and support for projects is key to leveraging funds and ensuring that projects are of national or regional significance. Infrastructure Canada will continue to work in close partnerships with provinces and territories to identify priorities for the remaining funds.

### **Project Spotlight**

#### **New Wastewater Treatment Plant for Kirkland Lake**

Project location: **Kirkland Lake, ON**

With \$16 million from the Green Infrastructure Fund, a new wastewater treatment plant is being built in Kirkland Lake. The new plant will use the latest technology to meet the needs of the community for years to come. It will also help sustain the natural environment around Murdock Creek and Blanche River.



**Federal contribution:** \$16 million under the Green Infrastructure Fund.

### *2.3.4 Canada Strategic Infrastructure Fund*

#### **Enhancing Quality of Life and Economic Prosperity**

##### *Program Activity Description:*

This program activity provides funding for projects of major federal and regional significance in areas that are vital to sustaining economic growth and enhancing the quality of life of Canadians. Investments are made in cooperation with the provinces, territories, municipalities and the private sector and contribute to the construction, renewal and/or enhancement of public infrastructure to build infrastructure capacity in partnership with recipients. Eligible project costs are defined under the terms of standard contribution agreements between the Crown and a recipient government and/or private-sector entity, and support federal priorities for public infrastructure development, through investments in targeted projects. Project proposals are reviewed against policy leveraging criteria to ensure that federal objectives are advanced. Funds are delivered through contribution agreements with eligible recipients.

### 2010-11 Financial Resources (in \$ thousands)

Planned Spending	Total Authorities	Actual Spending
690,187	694,100	336,451

### 2010-11 Human Resources (FTEs)

Planned	Actual	Difference
33.0	11.0	22.0

### Results Achieved

In 2010-11 Infrastructure Canada:

- Collaborated with Federal Delivery Partners and project recipients to pursue the implementation of the projects funded under the Canada Strategic Infrastructure Fund (CSIF).

Performance Indicators	Targets	Performance Status
Amount of federal funding committed	No new funding commitments are planned for 2010-11, as the program was fully committed.	
	Apart from program administration costs, \$522 million of planned spending for 2010-11 reflects funding commitments made in previous years.	<b>Somewhat Met</b>
Amount of funding leveraged	Federal funding commitments for 2010-11 are expected to support \$500 million in eligible infrastructure costs by funding partners.	<b>Somewhat Met</b>

### Performance Summary and Analysis of Program Activity

During 2010-11, with the help of its Federal Delivery Partners, the department continued to monitor the progress of the ongoing/newly started projects and completed six projects. Infrastructure Canada provided \$335.2 million in federal funding to 35 projects already underway representing 64 percent of the planned target. Actual spending lags behind forecasted levels for a number of reasons including inclement weather, geological challenges, technical and other construction-related complexities causing numerous construction delays, preventing proponents from submitting their invoices, thus impacting Infrastructure Canada's ability to pay out the planned amounts in the fiscal year 2010-11. According to program terms and conditions, the federal commitment is 50 percent towards the total eligible costs of any eligible project, except for advanced telecommunications and high-speed broadband and northern infrastructure projects, where the total contribution cannot exceed 75 percent. As such, for any dollar committed to a project, at least another dollar is leveraged from funding partners towards the total eligible cost of that project.

Since the inception of the program in 2003, Infrastructure Canada committed more than \$4.3 billion in federal funding to 76 projects, leveraging an additional \$8 billion in eligible infrastructure costs from funding partners. The largest categories of investments are highway/rail infrastructure, water and sewage treatment as well as urban development/tourism, which account for 21, 18, and 17 percent of Canada Strategic Infrastructure Fund projects respectively.

Of the \$4.3 billion originally allocated to the CSIF, \$50 million was transferred to Parks Canada for improvements to the Trans Canada Highway in Banff National Park.

#### *Lessons Learned*

In 2010-11, Infrastructure Canada established a new governance structure to oversee the implementation of the Canada Strategic Infrastructure Fund and other sunseting programs. The department formed a program management committee as a forum to ensure an effective, efficient and consistent implementation through horizontal coordination and discussion of issues.

### **2.3.5 Municipal Rural Infrastructure Fund**

#### **Long-term Commitment to Communities**

##### *Program Activity Description:*

This program activity provides funding for small-scale municipal infrastructure projects designed to promote and improve quality of life in both urban and rural communities. It was augmented with additional funds in January 2007. Its long-term commitment to public infrastructure is to help promote sustainable economic growth, innovation and healthy communities. Projects under this program activity contribute to the construction, renewal and/or enhancement of public infrastructure in partnership with funding recipients. The program is governed in each province/territory by an umbrella federal-provincial-territorial contribution agreement which defines eligible project costs. Federal funds are provided to provincial-territorial governments as eligible costs are incurred, and these funds are in turn delivered to ultimate recipients through agreements between each province-territory and the eligible recipient. Eligible communities are those with populations of 250,000 people or less.

##### *2010-11 Financial Resources (in \$ thousands)*

Planned Spending	Total Authorities	Actual Spending
307,412	307,845	146,646

##### *2010-11 Human Resources (FTEs)*

Planned	Actual	Difference
8.0	3.0	5.0

Results Achieved		
In 2010-11 Infrastructure Canada: <ul style="list-style-type: none"> <li>Collaborated with Federal Delivery Partners provinces and territories to pursue the implementation of projects funded under the Municipal Rural Infrastructure Fund (MRIF).</li> </ul>		
Performance Indicators	Targets	Performance Status
Amount of federal funding committed	No new funding commitments are planned for 2010-11, as the program was fully committed.	
	Apart from program administration costs, \$122 million of planned spending in 2010-11 reflects funding commitments made in previous years.	<b>Exceeded</b>
Amount of funding leveraged	2010-11 federal spending is expected to support \$240 million in eligible infrastructure costs by funding partners.	<b>Exceeded</b>

#### *Performance Summary and Analysis of Program Activity*

Although no new projects were approved in 2010-11, Infrastructure Canada spent \$146 million on projects under MRIF, supporting over \$292 million in eligible infrastructure costs by funding partners.

Since the inception of the program in 2003, Infrastructure Canada committed more than \$1 billion in federal funding and leveraged \$2.4 billion from funding partners to 1,988 approved projects, which are valued at \$3.5 billion. Of those projects, about 43 percent are considered Green Infrastructure projects.

Under the 2010 Strategic Review process, \$23 million in unallocated funds from MRIF is being removed from departmental reference levels and made available for other Government of Canada priorities. No approved projects have been cancelled or otherwise affected as result of this reallocation.

#### *Lessons Learned*

In 2010-11, Infrastructure Canada established a new governance structure to oversee the implementation of the Municipal Rural Infrastructure Fund and other sunseting programs. The department formed a program management committee as a forum to ensure an effective, efficient and consistent implementation through horizontal coordination and discussion of issues. Following the findings of the internal Municipal Rural Infrastructure Fund audit, Infrastructure Canada committed to reinforce the Fund's Management Control Framework, clarifying financial procedures, improving data quality in the information management system and developing a strategy to ensure an effective and timely close-out of the program.

### 2.3.6 Border Infrastructure Fund

#### Improving Canada's Border Crossings

##### *Program Activity Description:*

This program activity provides funding for investments in physical infrastructure, intelligent transportation system infrastructure and improved analytical capacity at the largest surface border crossings between Canada and the United States, as well as several other crossings points in Canada. Established in 2001, the fund reflects the importance of Canada's border crossings and highway approaches to economic growth, trade and security both nationally and internationally. Projects under this program activity contribute to the construction, renewal and/or enhancement of public infrastructure in partnership with funding recipients. Eligible project costs are defined under the terms of standard contribution agreements between the Crown and a recipient government and/or private-sector entity. The fund supports federal priorities for public infrastructure development through investments in targeted projects.

##### *2010-11 Financial Resources (in \$ thousands)*

Planned Spending	Total Authorities	Actual Spending
69,364	69,727	67,881

##### *2010-11 Human Resources (FTEs)*

Planned	Actual	Difference
5.0	1.0	4.0

##### **Results Achieved**

In 2010-11 Infrastructure Canada:

- Continued to work closely with Transport Canada to provide federal funding in support of infrastructure projects at border crossings under the Border Infrastructure Fund (BIF).

Performance Indicators	Targets	Performance Status
Amount of federal funding committed	No new funding commitments were planned for 2010-11, as the program was fully committed.	
	Planned spending of \$50 million for 2010-11 reflects funding commitments made in previous years.	<b>Exceeded</b>
Amount of funding leveraged	Planned spending of \$50 million for 2010-11 is expected to support \$100 million in eligible infrastructure costs by funding partners.	<b>Exceeded</b>



### *Performance Summary and Analysis of Program Activity*

During 2010-11, Infrastructure Canada spent \$67.8 million in support of \$135.6 million in eligible infrastructure costs by funding partners.

Since the inception of the program in 2001, over \$600 million has been committed in support of 12 border improvement infrastructure projects, leveraging an additional \$1 billion in infrastructure investment.

Of the \$600 million originally allocated to the BIF, \$18 million was transferred to Canada Border Services Agency for the St. Stephen border crossing and for border simulation modeling software. In addition, \$10.4 million in unallocated funds from BIF is being removed from departmental reference levels, as per the 2010 Strategic Review process, and made available for other Government of Canada priorities. No approved projects have been cancelled or otherwise affected as result of this reallocation.

### *Lessons Learned*

In 2010-11, Infrastructure Canada established a new governance structure to oversee the implementation of the Border Infrastructure Fund and other sunseting programs. The department formed a program management committee as a forum to ensure an effective, efficient and consistent implementation through horizontal coordination and discussion of issues.

## **2.3.7 Economic Analysis and Research**

### **Supporting Delivery and Management of Infrastructure Programs**

#### *Program Activity Description:*

This program activity helps to ensure that Canada's infrastructure investment priorities and activities include the building, connecting and sharing of applied knowledge and research on infrastructure issues, projects and programs. It targets key gaps in infrastructure knowledge and information, promotes the development of an enhanced evidence base for sound decision making at all levels of government, and contributes to improved measurement of the impacts of infrastructure policy and investment decisions. This program activity supports strategic research capacity and knowledge generation and applications at the national level, as well as cooperation with other levels of government in addressing their unique research and capacity-building needs. It leverages research resources and expertise across various levels of government and stakeholder groups to address the infrastructure challenges and proposed solutions for Canada's economy, environment and community.



*2010-11 Financial Resources (in \$ thousands)*

Planned Spending	Total Authorities	Actual Spending
11,767	15,600	1,750

*2010-11 Human Resources (FTEs)*

Planned	Actual	Difference
29.0	15.0	14.0

Results Achieved		
One feasibility study has been funded.		
Other programs to be delivered under this program activity were not yet launched, given the department's general focus on the delivery of the EAP and related initiatives.		
Performance Indicators	Targets	Performance Status
Availability and quality of integrated knowledge and analysis on infrastructure issues.	No targets were set for the 2010-11 period as programs under this program activity were not yet launched.	N/A
Networks and collaborative efforts with other government departments are undertaken to share knowledge and build on existing expertise.	No targets were set for the 2010-11 period as programs under this program activity were not yet launched.	N/A

*Performance Summary and Analysis of Program Activity*

Infrastructure Canada funded one feasibility study under the Feasibility and Planning Studies program, which is part of the Building Canada Fund. Other specific programs under the Economic Analysis and Research program activity were not yet launched, given the department's general focus on the delivery of the EAP and related initiatives. A total of \$35.75 million for external research and for feasibility studies was reallocated to other priorities as part of the 2010-11 Strategic Review process.

## 2.4 Strategic Outcome 3

Construction-ready infrastructure projects are provided with federal funding support.

### 2.4.1 Infrastructure Stimulus Fund

#### Sustaining the Economy in Difficult Times

##### *Program Activity Description:*

This program activity provides funding to accelerate and increase the number of provincial, territorial and municipal infrastructure projects, as well as infrastructure projects submitted by not-for-profit and for-profit entities. The primary focus of the fund is to provide timely and targeted short-term stimulus to the Canadian economy through the provision of funding for infrastructure projects that were construction-ready. The Fund focuses on the rehabilitation of existing assets and new infrastructure that could be completed by March 31, 2011<sup>5</sup>. Categories for investments under the Infrastructure Stimulus Fund include infrastructure projects such as water, wastewater, public transit, solid waste management, highways, roads, culture, community centres, temporary shelter infrastructure, parks and trails, rail and port infrastructure. The Infrastructure Stimulus Fund is designed as a broad and flexible program to include both new infrastructure and rehabilitation of existing assets, in keeping with its objectives of providing timely and targeted short-term stimulus to the economy.

##### *2010-11 Financial Resources (in \$ thousands)*

Planned Spending	Total Authorities	Actual Spending
3,309,429	3,277,688	2,482,489

##### *2010-11 Human Resources (FTEs)*

Planned	Actual	Difference
59.0	44.0	15.0

##### **Results Achieved**

In 2010-11 Infrastructure Canada:

- As part of the Economic Action Plan, this Fund provided needed stimulus to Canada's economy.
- Extended the Infrastructure Stimulus Fund (ISF) projects completion date to October 31, 2011 allowing for one more construction season to complete projects.

<sup>5</sup> This date has subsequently been extended to October 31, 2011.

Performance Indicators	Targets	Performance Status
Amount of federal funding committed	No new funding commitments were planned for 2010-11, as the program was fully committed in 2009-10. This is in line with the Economic Action Plan's objectives, i.e. the department would work with its partners to accelerate spending and provide stimulus to the economy.	
	Planned spending of \$2.9 billion for 2010-11 reflects funding commitments made in previous years, requiring ongoing departmental program administration responsibilities.	<b>Met</b>
Amount of funding leveraged	Planned spending commitments for 2010-11 are expected to support \$3.8 billion in eligible infrastructure costs by funding partners.	<b>Met</b>

#### *Performance Summary and Analysis of Program Activity*

On December 2, 2010, the Prime Minister announced an extension of the deadline for completing projects under certain Economic Action Plan programs, including the Infrastructure Stimulus Fund. The extension of the deadline to October 31, 2011, allows municipalities, provinces, territories and other proponents to benefit from one extra construction season to fully complete their projects.

During 2010-11, Infrastructure Canada re-allocated \$99.2 million to projects, leveraging an additional \$132.2 million in infrastructure investment. The funding commitments reflect Infrastructure Canada's ability to reinvest funds resulting from project cancellations or cost savings realized by proponents. Infrastructure Canada paid out, accrued, or transferred out over \$2.7 billion, leveraging an additional \$3.8 billion in expenditures from funding partners in 2010-11 alone. These amounts represent 93 and 100 percent of planned targets. Construction delays, such as inclement weather, geological challenges, technical and other construction-related complexities prevented several proponents from meeting their project completion dates. Consequently, the additional six months of construction not only realized project cost savings by delaying work initially planned for winter months, but also allowed Infrastructure Canada to re-allocate these savings to a few additional projects. As a result of the December 2, 2010 announcement, some proponents re-focused their resources towards completing construction during the extension period and submitting their final invoices in the 2011-12 fiscal year. Despite the extension, almost 80 percent of the eligible project costs were expected to be incurred by March 31, 2011.

Since the inception of the program in 2009, Infrastructure Canada helped to stimulate Canada's economy by committing close to \$4 billion, and leveraging an additional \$6 billion in infrastructure investment from funding partners for over 4,100 projects

throughout Canada, valued at over \$10 billion. The largest number of investments were in local road projects, and in water and wastewater infrastructure, representing 29 and 24 percent of projects respectively.

Finally, of the \$4 billion originally allocated to the ISF, approximately \$200 million has been transferred to other federal departments to support high priority initiatives, such as a \$66.8 million transfer to Parks Canada to build and upgrade additional National Historic Sites and visitor facilities.

### *Lessons Learned*

In order to avoid unnecessary administrative burden, and to streamline project approvals, the Infrastructure Stimulus Fund program was designed with flexible, yet comprehensive risk management procedures which build on the responsibility and expertise of provinces, territories, municipal governments and the private and non-profit sector for individual project management. This new approach to risk management avoids duplication and also relies on the public accountabilities and financial and audit requirements in place in provincial, territorial and municipal governments. Infrastructure Canada performed compliance audits of provincial and territorial partners to ensure program management frameworks were in place and met the conditions of the program. At the project level, based on continual project reporting and risk assessment, the department focussed its project monitoring on high risk projects. This innovative approach also resulted in positive reviews of the recipient management frameworks by partners and stakeholders while increasing Infrastructure Canada's knowledge and capacity of its recipients.

Given the short-term nature of the program, the ISF faced an unusually high number of data requests and frequent reporting burden. This led to the development of new reporting processes and mechanisms, dedicating capacity to obtain, analyze and report on data. The innovative use of technology for application and reporting purposes improved information sharing between the orders of government and increased reporting accountability.

Preliminary results of the program evaluation showed Infrastructure Canada's ability to successfully deliver on the program's objective of quickly getting money out the door while providing for necessary stimulus to the economy. Federal-provincial-territorial-municipal co-operation was fundamental to the EAP's success. This cooperative approach allowed each order of government to focus on its specific responsibilities. Partners were also able to deal quickly with issues that arose, in a collaborative manner. Indeed, the Report of the Auditor General of Canada to the House of Commons (Fall 2010) recognized that Infrastructure Canada had put in place reasonable management controls and risk management strategies for its EAP programs.

## Project Spotlight

### Christina Living Arts Centre Solar Aquatic System

Project location: Kootenay Boundary Regional District, BC



The new Christina Living Arts Centre features green design from its roof to its geothermal foundation. Construction is also complete on an organic waste processing facility next door thanks to \$133,333 from the Infrastructure Stimulus Fund. This Solar Aquatics System uses biological methods to break down waste generated by the Centre, visiting recreational vehicles and the surrounding community.

**Federal contribution:** \$133,333 under the Infrastructure Stimulus Fund.

## 2.4.2 Building Canada Fund-Communities Component Top-Up

### Stimulating the Economy and Supporting Small Communities

#### *Program Activity Description:*

This program activity provides additional funding in the amount of \$500 million (added to the Building Canada Fund-Communities Component) to fund infrastructure projects in communities with populations of fewer than 100,000 persons and with infrastructure needs related to 18 approved categories of project investment. The Top-Up funds were created in 2009 in view of the economic situation when the Government of Canada undertook to accelerate funding over the subsequent two years to provide stimulus to the economy, as part of the Economic Action Plan (Budget 2009). The funds are allocated to projects that were ready to get started and be completed by March 31, 2011<sup>6</sup>. All Building Canada Fund-Communities Component funding was committed before access to Top-Up funding could occur. Projects are eligible under the existing 17 categories, plus a new Recreation category. Projects are selected through an application-based process, and are cost-shared on a one-third basis, typically, among federal, provincial and municipal counterparts. Municipalities are able to participate in the applications-based programs that are best suited to individual circumstances in each province.

#### *2010-11 Financial Resources (in \$ thousands)*

Planned Spending	Total Authorities	Actual Spending
470,755	472,266	303,739

<sup>6</sup> This date has subsequently been extended to October 31, 2011.



### 2010-11 Human Resources (FTEs)

Planned	Actual	Difference
25.0	3.0	22.0

### Results Achieved

In 2010-11 Infrastructure Canada:

- Collaborated with Federal Delivery Partners and provinces/territories to complete the project selection for the Building Canada Fund-Communities Component Top-Up (BCF-CC Top-Up).
- As part of the Economic Action Plan, this fund provided needed stimulus to Canada's economy. This fund accelerated infrastructure projects in small communities
- Amended Contribution Agreements to account for the project construction deadline extension from March 31, 2011 to October 31, 2011.

Performance Indicators	Targets	Performance Status
Amount of federal funding committed	No new funding commitments are planned for 2010-11, as the program was fully committed in 2009-10. This is in line with the Economic Action Plan's objectives, i.e. the department would work with its partners to accelerate spending and provide stimulus to the economy.	
	Apart from program administration costs, \$385 million of planned spending for 2010-11 reflects funding commitments made in previous years.	<b>Mostly Met</b>
Amount of funding leveraged	Federal spending commitments for 2010-11 are expected to support \$770 million in eligible infrastructure costs by funding partners.	<b>Mostly Met</b>

### Performance Summary and Analysis of Program Activity

On December 2, 2010, the Prime Minister announced an extension of the deadline for completing projects under certain Economic Action Plan programs, including the Building Canada Fund – Communities Component Top-Up. The deadline was extended to October 31, 2011, to allow municipalities, provinces, territories and other proponents to benefit from one extra construction season to complete their projects.

During 2010-11, Infrastructure Canada re-allocated \$1.5 million to nine new projects, leveraging \$3 million in infrastructure investment. Infrastructure Canada spent, accrued, and/or transferred out \$303.5 million, leveraging an additional \$607 million in actual and accrued expenditures from funding partners in 2010-11 alone. The amount spent and the amount leveraged both represent approximately 80 percent of planned targets.



Construction delays, such as inclement weather, geological challenges, technical and other construction-related complexities, prevented several proponents from meeting their project completion dates. Consequently, the additional six months of construction not only realized project cost savings, by delaying work initially planned for winter months, but also allowed Infrastructure Canada to re-allocate these savings to a few additional projects. As a result of the December 2, 2010 announcement, some proponents re-focused their resources towards completing construction during the extension period and submitting their final invoices in the 2011-12 fiscal year. Despite the extension, almost 70 percent of the eligible project costs were incurred by March 31, 2011.

Since the inception of the program in 2009, Infrastructure Canada helped stimulate Canada's economy by committing more than \$488.9 million in federal funding and leveraging an additional \$1.02 billion in infrastructure investment in support of 540 projects, valued at \$1.5 billion. The largest categories of investments under the Fund were recreation, local roads and wastewater infrastructure accounting for 33, 19 and 14 percent respectively.

### *Lessons Learned*

The Building Canada Fund – Communities Component Top-Up builds on lessons learned from earlier Infrastructure Canada programs, such as the Infrastructure Canada Program (ICP) and the Municipal Rural Infrastructure Fund (MRIF). Recommendations from sources, such as the internal Infrastructure Canada audit of the Municipal Rural Infrastructure Fund program included enhancing relations with Federal Delivery Partners, as well as partner provinces and territories to improve program delivery. Based on these recommendations, a Service Level Agreement was signed between Infrastructure Canada and the Federal Delivery Partners in August 2010 clearly defining the roles and responsibilities of both parties for efficient and effective program delivery.

### **Project Spotlight**

#### **University Avenue Traffic Flow Improvements**

**Project location:** Charlottetown, PEI

Thanks to a \$2.1-million contribution from the Communities Component of the Building Canada Fund, Charlottetown has widened University Avenue, one of the main access routes to the City's downtown core. The project has greatly reduced traffic congestion and improved road drainage. Pedestrian safety is also better thanks to a new sidewalk along the west side of the road and improvements to the traffic signal system.



**Federal contribution:**

\$2.1 million under the Building Canada Fund-Communities Component Top-Up.

### 2.4.3 Support for the G8 Summit (2010)<sup>7</sup>

#### *Program Activity Description:*

This program activity provides funding for infrastructure projects that support the hosting of the G8 Summit in June 2010 in Huntsville, Ontario, and provides a legacy to help compensate local communities and residents as a result of hosting the Summit. The program provides \$45.7 million to contribute to a safe, secure and successful hosting of the Summit. The maximum share of federal funding is up to one hundred per cent (100%) of total eligible costs.

#### *2010-11 Financial Resources (in \$ thousands)*

Planned Spending	Total Authorities	Actual Spending
9,531	9,430	4,571

#### *2010-11 Human Resources (FTEs)*

Planned <sup>8</sup>	Actual	Difference
See Footnote 8	See Footnote 8	See Footnote 8

Results Achieved		
<ul style="list-style-type: none"><li>17 contribution agreements amendments were signed with municipal and provincial partners.</li><li>Since the inception of the program in 2009, Infrastructure Canada committed \$45.7 million towards 32 G8 Legacy Fund projects.</li></ul>		
Performance Indicators	Targets	Performance Status
No performance indicators were set for this program in the 2010-11 Report on Plans and Priorities, as the program was expected to be completed in 2009-10.	No targets were set for this program in the 2010-11 Report on Plans and Priorities, as the program was expected to be completed in 2009-10.	<b>32 projects completed</b> <b>\$4.57 million spent in 2010-11 on projects.</b>

#### *Performance Summary and Analysis of Program Activity*

All 32 projects approved were eligible under the program, and were substantially completed by June 25, 2010, in advance of the June 2010 G8 Summit.

Since the inception of the program in 2009, Infrastructure Canada committed \$45.7 million towards 32 G8 Legacy Fund projects – below the original program budget of \$50 million. Oversight was enforced on all approved projects to ensure that only eligible costs were reimbursed.

<sup>7</sup> As of March 31, 2011, this Program Activity has been fully implemented.

<sup>8</sup> There is no FTE requirement for the Support for the G8 Summit 2010 in 2010-11, as the program was scheduled to be completed in 2009-10.

### *Lessons Learned*

The G8 Summit (2010) is the only legacy program Infrastructure Canada has ever been involved in. As such, the objectives and design of the G8 Summit (2010) are markedly different than those of Infrastructure Canada's traditional programming.

An audit of this targeted program was undertaken by the Auditor General, subsequent to its implementation and roll-out. The Report of the Auditor General of Canada to the House of Commons (Spring 2011), which included conclusions and recommendations, was tabled in Parliament in June 2011. While the final audit report acknowledges that Infrastructure Canada set up mechanisms to administer contribution agreements for the 32 approved projects in accordance with the terms and conditions of the G8 Legacy Infrastructure Fund, the final audit report also identified deficiencies with respect to the Parliamentary approval of program funding as well as the project selection processes and documentation related to selection. While the Government of Canada confirms that all approved projects were eligible infrastructure projects and all funding was accounted for, it accepts the advice of the Auditor General along with other lessons learned.

#### *2.4.4 Summary of Program Spending under the Economic Action Plan*

The following table provides a summary of the 2009-10 and 2010-11 spending (in Statutory and Voted Authorities) for the programs under the Economic Action Plan (EAP), as announced in Budget 2009 (January 27, 2009), and managed by Infrastructure Canada. Statutory funding authority for the programs under the Economic Action Plan was provided in the *Budget Implementation Act*. The EAP programs are:

- Infrastructure Stimulus Fund (ISF);
- Building Canada Fund-Communities Component Top-Up (BCF-CC Top-Up);
- Green Infrastructure Fund (GIF);
- National Trails Coalition; and
- PT Base Fund's Accelerated Funding (PT Base Fund)

**2009-10 and 2010-11 Financial Resources Summary for Programs under the Economic Action Plan (in \$thousands)**

<b>Economic Action Plan (EAP) Programs</b>	<b>2009-10 EAP Spending<sup>9</sup></b>	<b>2010-11 EAP Spending<sup>9</sup></b>	<b>Total EAP Spending</b>
Infrastructure Stimulus Fund (ISF)	493,129	2,482,489	2,975,618
Building Canada Fund-Communities Component Top-Up (BCF-CC Top-Up)	30,745	303,739	334,484
Green Infrastructure Fund (GIF)	5,760	35,430	41,190
National Trails Coalition <sup>10</sup>	25,100	0	25,100
Provincial-Territorial Infrastructure Base Fund (PT Base Fund)	179,383	158,230	337,613
<b>Total EAP Spending:</b>	<b>734,117</b>	<b>2,979,888</b>	<b>3,714,005</b>

These programs are mentioned throughout this report, and more detailed information can be found under the following headings:

- 1.6.2 Program Activities by Strategic Outcome and Actual Spending;
- 2.2.1 Provincial-Territorial Infrastructure Base Fund;
- 2.3.3 Green Infrastructure Fund;
- 2.4.1 Infrastructure Stimulus Fund; and
- 2.4.2 Building Canada Fund-Communities Component Top-Up.

<sup>9</sup> The amounts in the 2009-10 EAP Spending, and 2010-11 EAP Spending columns include both Statutory and Voted Spending (Contributions and Operating).

<sup>10</sup> Information on the National Trails Coalition program can be found in the departmental website at: <http://www.buildingcanada-chantierscanada.gc.ca/creating-creation/nrt-srn-eng.html>

## 2.5 Internal Services Program Activity

### *Program Activity Description:*

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight (Risk Management, Internal Audit and Evaluation) Services, Communications Services and Legal Services, Human Resources Management Services, Financial Management Services, Information Management Services, Information Technology Services, Real Property Services, Materiel Services, Acquisition Services, and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

### *2010-11 Financial Resources (in \$ thousands)*

Planned Spending	Total Authorities <sup>11</sup>	Actual Spending
48,956	29,797	49,265

### *2010-11 Human Resources (FTEs)*

Planned	Actual <sup>12</sup>	Difference
150.0	186.0	(36.0)

### *Results Achieved*

**Financial Management:** During the reporting period, the Finance and Administration Division:

- Provided quality, timely and accurate financial services and advice for the delivery of the Economic Action Plan (EAP). This included the management and oversight of \$6.25 billion (\$3.0 billion under EAP) in contribution expenditures in 2010-11, for which the department has been commended on its sound management performance in delivering on large priority initiatives within a very short timeframe;
- Provided secretariat support and advice to the Project Review Panel for the review of infrastructure projects;
- Improved financial processing systems and reporting capacity, and developed new integrated systems tools to manage and report on funding programs and projects;
- Configured the new Salary Resource Management System for implementation in 2011-12 which will provide timely and accurate salary and staff strength reports for better decision-making on human resources capacity and requirements to deliver programs and services;

11 The Total Authorities figure for the Internal Services Program Activity in 2010-11 is from the 2010-11 Main Estimates. This figure is much lower than the 2010-11 Planned Spending and Actual Spending due to the fact that when the 2010-11 Main Estimates were prepared, the department was in transition.

12 The 2010-11 Actual figure for the Internal Services Program Activity in 2010-11 is higher than the 2010-11 Planned, due to the fact that when the 2010-11 Report on Plans and Priorities was prepared, the department was not in a position to determine the full impact of the Economic Action Plan, i.e. how many Internal Services FTEs would be required.



- Ensured quality, timely and accurate financial statements, expenditure forecasts and management reports;
- Strengthened internal financial management capacity through training, staffing vacant positions, engaging consultants, and implementing new internal controls;
- Developed new financial policies and procedures for account verification and the treatment of capital assets, and renewed the department's financial signing authority processes, documentation and instruments of delegation;
- Assessed and documented the department's controls in compliance with the new Treasury Board *Policy on Internal Control*; and
- Improved overall administration by developing new administrative and contracting controls and procedures; providing training and documentation of business processes; and completed major design, planning and coordination work for the department's relocation and consolidation to a new location in December 2010.

**People Management:** During the reporting period, the Human Resources Division:

- Implemented its three-year (2010-2013) departmental Integrated Business and Human Resources Plan which included Public Service Renewal priorities. The Plan's strategies and related activities support a flexible and adaptable workforce, employee development and growth, as well as employee engagement;
- Developed a Recruitment Strategy as identified in the Integrated Business and Human Resources Plan. This strategy sets out key elements including a branding statement as well as strategies to reach current public servants, professionals from other levels of government and new graduates. In addition, fully qualified pools of candidates for entry-level positions (CR-04, AS-01 and AS-02) were created to increase staffing efficiency in those higher level turn-over positions;
- Developed a Diversity Strategy, led by an Assistant Deputy Minister Champion, which aims at promoting diversity in the workplace and included specific actions to ensure that recruitment reflects a diverse workforce. A diversity committee has been created to carry out the action items in the strategy;
- Offered an extensive second language training program to employees with access to various streams of language training options, including developmental and career progression, as well as for maintenance purposes. Concrete actions have been taken to encourage employees to work in their language of choice; and
- Developed a draft Code of Conduct. Senior management and all employees were engaged in the development through participation in focus and discussion groups. The department also developed and implemented a Values and Ethics Strategy that provides for learning activities related to Values and Ethics and Conflicts of Interest.

**Communications:** During the reporting period, the Communications Directorate:

- Provided information to Canadians and stakeholders, through media and public relations, correspondence, internet communications, and stakeholder outreach.
  - Completed more than 440 media announcements, including 252 media events. More than 600 news stories were directly attributed to these activities;
  - Responded to 165 enquiries from the media and 1,815 from the public;
  - Replied to 3,495 letters, a 10 percent increase over the previous year;
  - Updated both the [www.infrastructure.gc.ca](http://www.infrastructure.gc.ca) and [www.creatingjobs.gc.ca](http://www.creatingjobs.gc.ca) websites;
  - Published nearly 300 stories about projects across Canada, with photographs;
  - Added almost 1,000 projects to the Economic Action Plan website; and
  - Promoted Infrastructure Canada programs at four conferences with information booths.
- Delivered internal communications that contributed to better information sharing, as well as supported policy and program activities through an array of editorial services and supported briefing coordination.
  - Held an all-staff meeting in April 2010 to share the departmental vision, role and contributions to serving Canadians;
  - Restructured the internal website to make it a more useful work tool for employees, including increasing site use by nearly 50 percent;
  - Developed a communications training program for managers.
  - Ensured that well prepared briefing notes and other documentation were provided in a timely fashion to meet the needs of the Deputy Minister's Office and the Minister's Office.
- Delivered an increasing level of Access to Information and Privacy (ATIP) Act services.
  - Processed 108 percent more requests as compared with the previous year;
  - Responded to the majority of requests within the timeframes prescribed by the Act, despite the significant increase in volumes;
  - Took steps to improve and streamline the processing of requests;
  - Increased internal capacity by hiring a full time in-house ATIP specialist; and
  - Submitted annual ATIP reports, annual statistical reports and updates to the department's InfoSource descriptions prior to tabling deadlines.

**Information Management (IM) and Information Technology (IT):** During the reporting period, the Information Management/Information Technology Directorate:

- Implemented the extension of the Infrastructure Stimulus Fund in the Shared Information Management System for Infrastructure (SIMSI) and other required enhancements to other infrastructure programs in support of the Economic Action Plan;
- Developed a new integrated system, Financial Planning Analysis Application (FPAA), to manage and report on funding programs and projects; and
- In support of the Clerk of the Privy Council's mandate to "put greater emphasis on collaboration, technology, innovation, back office systems and knowledge management," Infrastructure Canada undertook the following initiatives:
  - Collaboration and Electronic Document and Records Management System (EDRMS): A number of strategic initiatives specifically aimed at supporting collaboration, innovation, and knowledge management.
  - Employee Form Renewal (Corporate Electronic Forms): Corporate electronic forms were automated with a view to improve efficiency and automate business processes.
  - Instant Messaging: To assist employees in communicating instantly and without the use of e-mails and to support the reduction of e-mail traffic and volume.
  - Processing of classified documents: To provide the ability to securely and efficiently communicate classified material to other participating government departments.

**Internal Audit:** During the reporting period, the Internal Audit Directorate:

- Implemented fully the requirements of the Treasury Board *Policy on Internal Audit* (2009). Accordingly, Internal Audit is an independent, objective function. The Chief Audit and Evaluation Executive reports directly to the Deputy Head on the effectiveness and adequacy of risk management, control and governance processes within the department. A joint Departmental Audit Committee (DAC) is in place with Transport Canada. The committee includes four external members, and meets four times per year;
- Improved Infrastructure Canada's Management Accountability Framework (MAF) rating for the Core Area of Management 5 - Effectiveness of the Internal Audit Function, going from "Opportunity for Improvement" in 2008-09 (Round VI), to "Acceptable" in 2009-10 (Round VII), and now "Strong" for 2010-11 (Round VIII);
- Updated the 2010-13 Risk-Based Audit Plan to address high-risk priority areas within the department, to support management with the implementation and close-out of EAP and prepare for audit work by the Office of the Auditor General;

- Conducted program change analysis, preliminary survey for reviews, risk-based targeted reviews, and assurance audits in support of EAP;
- Assisted in the examination and assessment of programs and projects in terms of their design and accountability, management frameworks and compliance with legislation;
- Continued to provide early warning and timely insight into risk and control issues associated with Infrastructure Canada's programs generated or impacted by the EAP. Specifically, Internal Audit assessed, on a periodic basis, the data quality and business rule compliance for the Infrastructure Stimulus Fund (ISF);
- Performed a liaison and coordination role between the department and external assurance providers such as the Office of the Comptroller General (OCG), the Office of the Auditor General (OAG) and the Public Service Commission (PSC); and
- Maintained the process of following up on recommendations and the corresponding management action plans from previous engagements (both internal and external) on a quarterly basis.

**Evaluation:** During the reporting period, the Evaluation Directorate:

- Implemented the new Treasury Board *Policy on Evaluation* (2009);
- Developed a new five-year Risk-Based Evaluation Plan in alignment with the departmental Program Activity Architecture (PAA) structure and focused on two work streams: Performance Measurement and Evaluation. Under the new plan, the majority of Infrastructure Canada's direct program spending will be evaluated every five years;
- Final evaluation reports of the Infrastructure Canada Program (ICP) and the Infrastructure Canada Program-First Nations Component (ICP-FN) were completed and approved;
- Continued to expand advisory services and increase internal capacity (hiring and training evaluators) to ensure comprehensive and value-added strategic evaluations, provide support on performance measurement and assist in the development of performance measurement strategies;
- Produced Infrastructure Canada's first Annual Report on Performance Measurement; and
- Received an overall Management Accountability Framework (MAF) rating of "Acceptable" in the Core Area of Management 6 – Quality and Use of Evaluation in 2010-11 (Round VIII), including improved ratings in two of the four lines of evidence. Specifically, 6.3 – Evaluation Coverage improved from "Acceptable" to "Strong", and 6.4 – Use of Evaluation to Support Decision-Making and Reporting improved from "Opportunity for Improvement" to "Acceptable".

**Corporate Planning and Risk Management:** During the reporting period, the Corporate Planning and Risk Management Directorate:

- In 2010-11, the Corporate Planning and Risk Management Directorate was established within the Corporate Services Branch of Infrastructure Canada (initially as Special Projects Coordination). The Directorate provided support, briefings and liaison, and departmental coordination for corporate documents, answered to call letters and requests for accountability documents emanating from the Treasury Board Secretariat, managed the Management Accountability Framework (MAF) process on behalf of the department, participated in inter-departmental committees on horizontal issues, and developed Infrastructure Canada's first departmental Corporate Business Plan;
- Built consistent operational risk management capacity and ensured due diligence under accelerated contribution program timelines to manage funding, especially the implementation and final delivery of the Economic Action Plan;
- Received a rating of Strong for the overall Area of Management 9-Risk Management, going from a rating of Acceptable in previous years, in Infrastructure Canada's Management Accountability Framework (MAF) Round VIII in 2010-11;
- Continued to refine and implement a sound integrated risk management approach throughout the organization. For example, business models use risk management principles and practices at all key decision points, staff provided with guidance and instructions related to project risk identification and assessment (including a formal instruction form for the Infrastructure Stimulus Fund), and risk management used consistently to add value throughout program development and project cycles;
- Implemented a dynamic process for reporting progress on risk responses and impact on risk placement to senior management. This ensured that decisions concerning program delivery and project close-out explicitly considered risk management principles and strategies.



## Section III

### Supplementary Information

#### 3.1 Financial Highlights

The financial highlights presented in this Departmental Performance Report are intended to serve as a general overview of Infrastructure Canada's financial position and financial operations. Financial statements can be found in the departmental web site at: <http://www.infc.gc.ca/media/pub/index-eng.html>

##### 3.1.1 Condensed Financial Statements

Table 6 represents the department's Condensed Statements of Financial Position, and Table 7 represents the department's Condensed Statement of Financial Operations.

**Table 6: Condensed Statement of Financial Position for the Period Ending on March 31, 2011**

(in \$ thousands)			
Condensed Statement of Financial Position At the End of Fiscal Year (March 31, 2011)	Percentage Change	2010-11	2009-10 <sup>1</sup>
TOTAL ASSETS:	219%	1,785,120	560,412
TOTAL LIABILITIES:	233%	1,783,698	535,940
TOTAL EQUITY:	(94%)	1,422	24,472

**Table 6: Condensed Statement of Financial Position for the Period Ending on March 31, 2011**

(in \$ thousands)			
Condensed Statement of Financial Operations At the End of Fiscal Year (March 31, 2011)	Percentage Change	2010-11	2009-10
Total Expenses	47%	6,176,782	4,195,408
Total Revenue	(12%)	7	8
NET COST OF OPERATIONS:	47%	6,176,775	4,195,400

The sources of revenue are proceeds from crown assets disposals, from other fees such as Access to Information and Privacy requests, and from miscellaneous revenue such as the Bank of Montreal's rebates on acquisition cards.

<sup>1</sup> Details on the Condensed Statement of Financial Position at the end of Fiscal Year on March 31, 2010 (2009-10) can be found at Infrastructure Canada's financial statements at: <http://www.infc.gc.ca/media/pub/index-eng.html>.

## 3.2 Financial Statements

Infrastructure Canada's financial statements can be found at the departmental web site at:  
<http://www.infc.gc.ca/media/pub/index-eng.html>.

## 3.3 Supplementary Information Tables

### 3.3.1 List of Supplementary Information Tables

The following supplementary information tables are available electronically at the Treasury Board Secretariat's web site at:

<http://www.tbs-sct.gc.ca/dpr-rmr/2010-2011/info/info-eng.asp>.

- Details on Transfer Payment Programs
- Horizontal Initiatives
- Green Procurement
- Response to Parliamentary Committees and External Audits
- Internal Audits and Evaluations
- G8/G20 Horizontal Initiative Table

As prescribed by the Policy on Transfer Payments, as of June 30, 2009, the summary of the Three-Year Plan for Transfer Payments is available at:

<http://www.infc.gc.ca/pd-dp/tpp-ppt/index-eng.html>.

## 3.4 Other Items of Interest

### *Contribution to the Federal Sustainable Development Strategy (FSDS)*

On October 7, 2010, the Federal Sustainable Development Strategy (FSDS) was tabled in Parliament for the first time. This Strategy will render environmental decision-making more transparent and accountable to Canadians. Under the Federal Sustainable Development Strategy (FSDS) the Government of Canada is taking a major step forward by including environmental sustainability and strategic environmental assessment as an integral part of its decision-making processes. The FSDS identifies four themes for action:

1. Addressing Climate Change and Air Quality
2. Maintaining Water Quality and Availability
3. Protecting Nature
4. Shrinking the Environmental Footprint – Beginning with Government

The FSDS outlines specific targets and implementation strategies for federal departments and agencies to adhere to. Theme IV of the FSDS, titled *Shrinking the Environmental Footprint – Beginning with Government*, outlines targets related to greening government operations. Although Infrastructure Canada is not one of the 26 departments required

to table a Departmental Sustainable Development Strategy (DSDS) or to report on its contribution to the FSDS, **Infrastructure Canada does play, and will continue to play, a key role in enabling federal partners, other levels of government, as well as small and large Canadian communities in moving towards a more sustainable future.**

The department's policies and core funding activities support thousands of projects across the country that contribute to a cleaner environment in areas such as drinking water, wastewater and stormwater management, clean energy, public transit, brownfield redevelopment and capacity-building for community sustainability planning. These infrastructure investments directly support two of the FSDS themes – *Maintaining Water Quality and Availability, and Addressing Climate Change and Air Quality*.

To meet the requirements and principles of the Strategy, Infrastructure Canada has implemented green corporate initiatives such as continuing to consider green procurement objectives when purchasing commodities such as computers, printers and photocopiers, green meetings, paper consumption, green buildings, printing units, surplus electronic equipment, green procurement training and performance evaluations, which support the fourth theme: *Shrinking the Environmental Footprint – Beginning with Government*. In 2010-11, the department completed its relocation from seven different locations in Ottawa, where all divisions are now consolidated in the city's first building to target the Canada Green Building Council's Leadership in Energy and Environmental Design (LEED) Gold certificate. Additionally, Infrastructure Canada is moving forward with the implementation of its recent Greening Action Plan, which includes aspects related to green procurement, waste and energy reduction, and environmental practices, awareness and promotion. More details on Infrastructure Canada's green procurement initiatives can be found in the Supplementary Information Tables on Greening Government Operations, accessible through Treasury Board Secretariat's website: <http://www.tbs-sct.gc.ca/dpr-rmr/2010-2011/inst/inf/st-ts03-eng.asp>.

### 3.5 Contact Information

For more information about the department, please visit [www.infrastructure.gc.ca](http://www.infrastructure.gc.ca) or contact:

Infrastructure Canada  
180 Kent Street, Suite 1100  
Ottawa, Ontario K1P 0B6

National information line on infrastructure: 613-948-1148

Telephone toll free: 1-877-250-7154

For more information about infrastructure programs, please visit [www.buildingcanada.gc.ca](http://www.buildingcanada.gc.ca).

